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(SESSION 1943)
(HOUSE OF COMMONS)

1079
(STANDING COMMITTEE)

ON

(AGRICULTURE AND COLONIZATION)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

FRIDAY, JUNE 25, 1943

WITNESS:

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943



MINUTES OF PROCEEDINGS

FRIDAY, June 25, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Aylesworth, Cardiff, Cruickshank, Dechene, Douglas (*Queens*), Evans, Fair, Fontaine, Furniss, Golding, Gregory, Hatfield, Lafontaine, Leger, MacDiarmid, Matthews, Perley, Rennie, Rickard, Soper, Ward, Weir and Wright.—23.

In attendance: Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

The minutes of the last meeting were read, and, on motion of Mr. Dechene, approved.

Answers to questions asked from previous witnesses by Messrs. Perley and Golding respecting freight assistance claims and prices of flax fibre machinery, were filed by the Chairman and incorporated in the minutes of evidence.

Mr. Pearsall was called. He gave a review of the activities of the Meat Board and was examined.

At 1 o'clock, on motion of Mr. Lafontaine, the Committee adjourned to the call of the chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

JUNE 25, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, will you please come to order?

Before proceeding this morning there are two questions that were asked by members of the committee at previous meetings for which answers have been handed to me. It may be just as well to put them on record now as any other time and then they will be in the record. Mr. Perley asked a question with respect to the number of claims for freight assistance paid. The answer given to me is that the number of freight assistance claims paid from August 1, 1942 to June 19, 1943 total 23,405. There is no means of designating those as individual claims. It is simply the total of all claims paid.

Mr. EVANS: Does it give the amount of money?

The CHAIRMAN: That was placed on the record at the time. Mr. Golding asked for the prices of flax processing machinery. I might add that these flax processing machines are made by the Frost and Wood Company of Smiths Falls, Ont., and the Plessisville Foundry at Plessisville, Que. The strength and durability of these machines, it is stated, would explain the difference in price and also the claims of the processors as to the quality of the work done. The following is the approximate cost of these fibre flax machines to which he referred.

Approximate cost of Flax Fibre Machinery

Puller	\$780
Lifter	\$375
Brakes	\$500 per set
Tow Scutcher	\$5,700 to \$9,100
Turbine Scutcher	\$4,300 to \$6,500
Baler	\$800
Knives	\$75 per set
Seed cleaner	\$450
Thresher	\$600

The committee has before it as witness this morning Mr. L. W. Pearsall, who formerly was with the Department of Agriculture and still is with the department but is acting also in the capacity of secretary-manager of the Meat Board. As we all know the Meat Board previously was known as the Bacon Board, and it is only in recent weeks that it has been reorganized into what is now known as the Meat Board. If the committee is agreeable we can proceed with Mr. Pearsall?

(Carried).

May I here bring up again a question as to procedure? Occasionally we get into the habit of asking questions while the witness is making his statement. I think the general consensus of view is that we should attempt to let the witness continue with his statement and complete it and then have the questioning afterwards. Is that the way the committee would wish to proceed?

(Carried)

Very well; I will introduce to the committee Mr. Pearsall, secretary-manager of the Meat Board.

L. W. PEARSALL, *called*

The WITNESS: Mr. Chairman, and gentlemen: as your chairman has intimated I am appearing before you today to report on the work of what is now known as the Meat Board. As has also been indicated the Meat Board was until very recently, a matter of a couple of weeks ago, the Bacon Board. It was reconstituted into the Meat Board with certain additional responsibilities.. As to the Meat Board, so far this body has not as yet taken on any new work. Therefore all I can do this morning is report on the activities of what was the Bacon Board. However, I presume now that the Meat Board takes in the whole field of meat products, any discussion pertaining to beef, and so forth, if the members wish to bring that up, would come within the scope of this Board, although it will be speculative rather than a report on any past experience.

The Bacon Board was constituted in December, 1939, as one of the first, so far as I am aware, of the wartime agricultural boards, for the purpose of carrying out the agreement that had been just consummated with the United Kingdom with respect to bacon. Briefly, the paramount responsibility of the Board was to carry out the agreement and furnish bacon to the United Kingdom. Secondly, it was felt the Board should assume, recalling the experience of the last war when the reputation of Canadian bacon suffered and problems were created during the post-war period, some responsibility, and we feel we have that responsibility, to try in so far as compatible with the job of getting bacon to Great Britain to maintain the quality and standards for Canadian bacon. Thirdly, and probably I should not put it third, we feel we have some responsibility to see that producers receive a fair share of the returns from bacon, primarily from the standpoint of maintaining confidence and maintaining production. Those are the main objectives that the Board have in view in their operations.

We have been operating for three and a half years. I do not think that at this time I should attempt to give you in any detail a statement of our problems and our operations. It would take too long. I think that probably it would facilitate the work of the committee if I were to try to briefly review what I consider the highlights of some of our problems and assume, Mr. Chairman, that any details that the members of the committee desire will come out through the questions and answers which I will try to give you.

The Board is in the same position as other boards. We are limited in the money we can expend, except for administrative expenses, to the money we get from the United Kingdom. There is only one case during our operations to date when government funds were appropriate. That was during the summer of 1941 when the contract price was supplemented by a government appropriation amounting to somewhere between \$2,500,000 and \$3,000,000, but apart from that expenditure we are limited to the money we realize from the sale of bacon to the United Kingdom.

The Board purchases bacon from the packers on a basis f.o.b. Canadian seaboard. The price for all packers is the same at seaboard and the net return varies according to the cost of getting it to seaboard. We are purchasing from thirty-four different inspected houses. Eighteen of those plants are what you might call independent individual units. Sixteen of them are units of multiple houses. The plants are located as follows: six in Alberta, four in Saskatchewan, five in Manitoba; thirteen in Ontario, five in Quebec and one in the Maritime Provinces, making a total of thirty-four plants.

The contract price from the United Kingdom is a flat price. we have a flat price for all grade A bacon regardless of weight or selection. The contract price this year is \$21.75 for grade A, and the price for grade B is \$21.15, or 60 cents lower, per one hundred pounds f.o.b. Canadian seaboard. In all our purchases from the packers the policy that we have pursued throughout is to maintain a differential for quality. That is one of the main objectives of the Board. In other words, if a flat price had been paid for all bacon, we are satisfied it would very quickly have brought about deterioration in quality. As a result, instead of paying \$21.75 for all grade A bacon we pay the packers for the various grades, weights and selections. In grade A we have fifteen different prices ranging from \$21.95 for A-1 sizeable, which is top and is higher than the contract price, down to a low of \$18.25 for the heavy sides of number three selection. In our schedule for B grade we have also fifteen prices ranging from \$20.95 to as low as \$17.25 for the heavy B-3 sides. In addition to that we have a schedule for hams, gammons, middles and square fores or fore-ends. Our understanding with the United Kingdom is that we will try and maintain 85 per cent Wiltshires. We have come very close to that although the contract actually calls for only 75 per cent. We did not want to commit ourselves to anything more than that, but we agreed to try to get that up to as near 85 per cent as possible. If any of the members are interested in the detailed price schedules they are issued regularly and are available to the members. The following is the price schedule now in effect for Wiltshires and export cuts f.o.b. Canadian seaboard.

B.B.R. 82

Under authority of Bacon Board regulations P.C. 4076 and amendments thereto and in accordance with a minute of a meeting held June 2nd, 1943, the price schedule for Wiltshire sides and cuts as established under B.B.R. 68, November 10, 1942, is hereby amended by adding price schedules for 80 to 85 pound Wiltshire sides, fore-ends weighting from 22 to 25 pounds and hams weighing from 22 to 24 pounds.

This price schedule becomes effective for product put into cure on and after Monday, June 14th.

PRICE LIST FOR WILTSHIRE SIDES

	45-55 lb.	55-65 lb.	65-75 lb.	75-80 lb.	80-85 lb.
A-1	\$21.55	\$21.95	\$21.55	\$20.55	\$19.05
A-2	21.15	21.55	21.15	20.15	18.65
A-3	20.75	21.15	20.75	19.75	18.25
B-1	20.95	21.35	20.95	19.95	18.45
B-2	20.35	20.75	20.35	19.35	17.85
B-3	19.75	20.15	19.75	18.75	17.25

PRICE LIST FOR EXPORT CUTS

Hams, 10/18	\$22.80	Rib Backs A-1 & A-2, 10/18 ..	\$24.90
" 18/20	21.85	" " A-3 10/18 ..	24.10
" 20/22	21.35	" " A-1 & A-2, 18/20 ..	23.65
" 22/24	20.40	" " A-3 18/20 ..	22.85
Gammons, 10/18	22.80	Square Fores 12/20	17.80
" 18/20	21.85	" " 20/22	17.05
" 20/22	21.35	" " 22/25	16.30
Middles, A-1 & A-2, 22/30	23.30	Tinned Hams	28.67
" A-3 22/30	22.50		
" A-1 & A-2, 30/36	22.30	Contract Middles, 22/36	23.75
" A-3 30/36	21.50		

The Bacon Board

Chairman

I also mentioned that we are trying in so far as possible to maintain the standard and quality of our bacon. One of the first things we did was to standardize at all packing plants the processing, butchering, baling and the method of packaging of export cuts and Wiltshires. We have even gone so far now as to standardize the curing. That was brought into effect about two years

ago (June 1, 1941). While it has not improved in any way the curing methods in use by the packers that had long experience in the business, it certainly and undoubtedly was beneficial to a number of other plants that have only come into the business recently. We were getting regular cable complaints with regard to condition on arrival. After putting in our standard cure we went for a period of sixteen months without having one complaint with regard to cure. Then one particular plant experienced a little trouble due to inefficient help.

We also maintain an inspection service at Canadian seaboard. During the first contract, bacon was inspected on the other side. We had our inspectors over there. It was also inspected by the Ministry of Food and test-weighed by the Ministry and any claims for shrinkage were sent back from the United Kingdom. About the latter part of 1940, due to the difficulty of continuing test-weighing in United Kingdom ports under bombing conditions, and due to the desirability of facilitating unloading and getting these boats turned around as quickly as possible, all final inspection and test-weighing was henceforth undertaken on this side.

Since that date the bacon is test-weighed on this side and claims for shrink based on that. Final inspection also takes place here, both with regard to the grading and selection, and with regard to the condition and quality. In the case of inspection, where something is found wrong with the workmanship, or slightly off-condition, there are tribunals of three men at each port. These men are called in, and an assessment is made against the product. That assessment is credited to the British Ministry account. In the event that the condition is off so badly that it is considered that it would not reach the United Kingdom in edible state, of course the product is rejected and sent back to the packer who shipped it. I should like to stress that we continue to hold the packer responsible for the grading, the quality and the condition of his product, not only until it reaches the Canadian seaboard but until it reaches the United Kingdom and is distributed there. If we still get complaints later on from the United Kingdom for inherent faults that are not noticeable on inspection at seaboard, those claims are assessed back to the packer.

With respect to our inspection for grading, we undertake to examine 5 per cent of the bales. If in that examination we find one side was incorrectly graded or incorrectly selected, the inspectors are instructed to open another ten bales. If any further incorrect gradings or selections are found, then assessment is made against the whole car based on the percentage of incorrect gradings in the samples that have been examined. In other words, if the inspectors discover three cases of incorrect grading in fifteen bales, there would be an assessment based on the same percentage applied on the whole car. I have already described what happens in that inspection. If they found anything wrong with respect to the workmanship or condition, the Claims Tribunal is called in and an assessment made against the product and it is assessed back to the packer.

One other major item with which we have to deal is the question of storage, for two reasons. We are committed to more or less regular and uniform shipments for the reason that the United Kingdom requires regular shipments to maintain their bacon rations. As you know, hogs are not marketed in Canada in that way. We have a heavy run in the fall. We are now entering a short period and we have to store bacon in a period of heavy hog deliveries to level our shipments later on. We also have to store from current operations, depending on what shipping space is available. In other words, you cannot carry out a regular schedule. It has to be adapted to whatever ships are available.

I should also like to mention, because it has been quite a problem, the question of supplies. Probably the most outstanding example of that is the question of burlap. Normally the usual procedure is to wrap the Wiltshire sides

in burlap. As you know, that comes from India. Following the opening of hostilities in the Pacific area, supplies were cut off and we had to develop some other wrapping. By exploring this and making several experiments, we have finally developed a knit cotton wrapper; and like a lot of other things which have arisen out of the war, I think we probably have a better wrapper now than we had in burlap, which may prove of some post-war advantage. Burlap is only one of many other items that come into the processing and manufacturing of the product, for which we are dependent upon outside sources, and that have become in short position, and the Board has had to interest itself in ways and means of maintaining these supplies.

One other thing I should like to mention is the question of transportation. Normally it is quite a problem to transport a perishable product like bacon from, we will say, Edmonton across to England. In peace time, when you get regular transportation service, however, that is a fairly easy task. Under war conditions, however, there has to be taken into consideration the uncertainty of convoys arriving, the inadequacy of shipping space, and the difficulties that have been created on our own railways with the shortage of refrigerator cars, considering that we have stepped up our requirements of refrigerator cars about 75 per cent. Add to this fact that those cars are sometimes unduly held up. Normally a car runs from Edmonton to seaboard and is turned around in probably seven or eight days. That car is tied up to-day for probably three weeks before it is loaded and unloaded. I should like to mention that, due to the uncertainty of ships and the difficulties of transportation, it is taking us about six weeks to get bacon to the U.K., from the time it comes into the cure to the time it gets to the U.K. One week's put-down, 13,000,000 pounds, acquires about 250 railway cars in travelling to seaboard and takes about two weeks at an absolute minimum to get loaded. Thus we have in a given period as a minimum somewhere around 600 cars on the track or in transit. That is a minimum. We have run into periods where we have had 77,000,000 pounds of the product in cars, held up for three weeks. It is our job to see that this product does not perish, does not spoil; because there is no use of having the farmers produce the product if we cannot get it over to the U.K.

I am not going to go into any further details on our operations. I know that you gentlemen will have some questions to ask. But there is one broader aspect that I should like to mention very briefly to your committee. The general objective has been, so far as agriculture is concerned, to not disturb the normal economy any more than necessary and still meet war requirements. That is not always easy. The hog industry is a fine example. We have increased our hog production in Canada to the point where we now have 75 per cent that will be a surplus product as soon as the war is over. That implies that we should be looking forward to what we are going to do. We have either got to have a quality of product that we can export and have an export market, or we will have to readjust and reduce our production. For example, hog marketings in eastern Canada in 1939 were 2,087,000; in 1942, they were 2,455,000, an increase of 16.7 per cent. Our estimate for 1943 is 2,750,000, or if we can attain that objective, a 32 per cent increase.

By the Chairman:

Q. That is over 1939?—A. Over 1939. The real problem, though, is in western Canada, which has made a wonderful contribution to hog production. The marketings in western Canada in 1939 were 1,619,000; in 1942, last year, they actually marketed 3,777,000, or an increase of 133 per cent.

Q. Does that take in the three western provinces?—A. The three prairie provinces.

Q. Not British Columbia?—A. Not British Columbia, no. Our estimate for the coming year, if it is attained, is 4,750,000, or 193 per cent over 1939. The over-all increase in Canada over 1939 is 3,706,000. Actual marketings in 1942

were 6,232,000 or an increase of 68 per cent. If we obtain our objective for the coming year of seven and a half million hogs, it will just be approximately 100 per cent increase over 1939. That has created some problems for the Board in endeavouring to get bacon. For example, even if our domestic production or domestic requirements remained stationery—and as a matter of fact they are not because we are trying to reduce them—we would still have problems. In the pre-war period we were exporting 35 or 40 per cent of all our hogs. In 1940 we exported 60 per cent. In 1942 we exported 70 per cent of all our hogs; and if we obtain our objective this year, it will be 75 per cent. As between east and west, for the first four months of this year, 54.9 per cent of all the hogs slaughtered under inspection in eastern Canada were exported. But when you go to western Canada, where you have this tremendous increase in hog production, where you have a very limited domestic outlet, we have been actually exporting 88 per cent of all the hogs slaughtered in western Canada. That means we are dipping down very close to the bottom of the barrel. We are taking everything that is exportable. The only way that we can get any more bacon for the U.K. is to get more hogs into the packing plants that are suitable for export. We are taking every pound, even down to some classes of export product that we did not think should be exported. All the packers have left for domestic requirements is the residual quantities of extra heavies, sows, and those that are mutilated or bruised and so forth. I think you men will appreciate that when it is a fact that we are taking 88 per cent of all the hogs produced in western Canada, we are certainly getting down to the bottom of the barrel.

One other thought. The Board a year ago went out and we supported an appeal for heavier hogs. We have achieved some results in that respect but we realized when we did that we did it with our eyes open, that we probably were jeopardizing the quality of Canadian bacon. We have accomplished something in the way of getting more product due to the increase in average weights. In 1941 the average weight ran from 152 to 153 pound; in 1942 they were up to 157 and 159 pound; and at the present time for the first four months of 1943, the average is running from 162 to 164 pound per carcass, or about ten pounds more than in 1941. That extra ten pounds on an estimated seven and a half million hogs is 75,000,000 pounds of additional bacon which is something worthwhile in the way of a contribution. On the other hand, it has had a very serious effect on the average quality of our Canadian bacon. I think that our grading figures would indicate that. Our A-1 sizable—that is A-grade, No. 1 selection, 55 to 65 pounds—is the objective that we should work to. In 1940, 59.8 per cent of all our export bacon was A-1 sizable. In 1943, this year to date, we are down to 43.6 per cent. Or put it in another way—forget quality altogether and just take the question of weight. Of the weights between 55 and 65 pounds, in 1940 approximately 66 per cent of all our bacon was sizable. For the four months of this year to date we are down to 48.3 per cent. We have accomplished this with respect to the under sizable—that is, in the light weights—which are equally undesirable. In 1940 we had 17.1 per cent. That has been reduced to 2.7 per cent. But on the heavy end, we had 16.9 per cent over sizable. For the first four months of this year to date, 49 per cent of all the bacon we are exporting is over sizable weights. For that reason we feel that we have gone further than we should have gone as far as looking forward to the future is concerned, and therefore we would not be justified in further increasing the weights of hogs. There is one other point. It may not be considered a valid reason, but there is one other reason which I think is important and it is this. The United Kingdom specified in their agreement that they wanted pre-war quality. They did that for this reason. They wanted the highest possible nutritional value. They wanted lean bacon. The heavier hogs are invariably fatter; that is inevitable. In other words, if you increase the weight

of your hogs you inevitably increase the percentage of fat. And what the housewife in England to day is looking for is lean bacon. In peacetime she preferred lean bacon. In wartime it is a necessity, because when she presents a ration coupon for four ounces of bacon a week she does not want four ounces of fat, she wants at least a reasonable portion of nutritive protein in that ration. And for that reason, from the Ministry of Food's standpoint, that is from the standpoint of supplies for the United Kingdom, if they want fat and they do need fats it can be sent in the form of lard or secured as vegetable oils and things of that kind if necessary. Thus we have an obligation from the standpoint of war to try to maintain a reasonable standard of quality for our bacon.

Now, one word about our present contracts. We have committed ourselves this year to 675,000,000 pounds; that is 13,000,000 pounds a week. Now, we did not start purchasing on this contract until about the 21st of November of last year which did not give us much of an opportunity to create a stock pile in storage out of last fall's marketings. We therefore realized that we were not going to be able to maintain the 13,000,000 pounds a week during the spring and during the summer when our hog marketings were light, so we went to the United Kingdom and asked them the minimum they could get along with up until next fall, say until up to the end of September, when we think we will have lots of bacon for them. They said that while it would jeopardize their stock position and leave it below what they would like to have to be in a comfortable position, if we could maintain shipments of 12,000,000 pounds they would be satisfied. So we have morally obligated ourselves more or less and that is the minimum that is required to maintain the ration. If we fall down on that, the only alternative is for them to reduce the ration from four ounces to three ounces. Our progress to date is as follows: we have purchased up to the week ending June 19, 368,614,000 pounds, or an average of 11,890,000—very close to 12,000,000 pounds per week, which is very satisfactory progress.

Now, if during the next two months and a half we experience the normally lighter hog marketings we would feel very happy if we were able to maintain this schedule of 12,000,000 pounds a week up until the end of September. If we are able to do that for the next twelve weeks up to the week ending September 11th, our total purchases up to the end of September will have to be 123,000,000 pounds, that is just about 10,000,000 pounds a week. But another way I can put that up so that you can understand what it means; during the same period last year we only got 67,000,000 pounds. In other words, we have got to get another 56,000,000 pounds over and above what we got last year, or 4,500,000 pounds a week more than we got last year; and that will probably indicate to you the reason for our anxiety in trying to divert as many hogs as possible to packing plants where we can make use of them so that during this period we can maintain this export volume.

By Mr. Matthews:

Q. How many hogs is that approximately?—A. To secure 10,000,000 pounds of bacon weekly, assuming 120 pounds of Wiltshire per carcass, requires about 83,000 hogs per week. To maintain shipments at the rate of 13,000,000 pounds requires about 108,000 hogs per week.

By Mr. Evans:

Q. Could you tell us what your marketings were last year during that period?—A. Around 90,000 per week on the average. However, there are some encouraging factors during the past eight weeks or so. Hog marketings have been running about 10 to 15 per cent over last year, and due to the fact that we cut down the quantity that may be sold in the domestic markets; we actually

have secured in the last eight weeks 20,000,000 pounds more export bacon than in the same period a year ago; so the case is not entirely hopeless.

I would just like to make two further observations: one is on the contribution we are making to food supplies in the United Kingdom in so far as meat is concerned. Before the war we supplied about 20 per cent of the United Kingdom's requirements of bacon, and the other 80 per cent came from continental countries supplemented by home supplies. Their total requirements under war conditions have been seriously curtailed and their home requirements to date are now set at 800,000,000 pounds a year; that includes their requirements not only for their own armed forces but for the Canadian forces and all the troops in England and the civilian population. We have undertaken to supply 675,000,000 pounds or 85 per cent. That will indicate the extent to which the United Kingdom is dependent on Canada. The balance of that is allocated to the United States; and through the difficulties that they are meeting there with respect to supplying other theatres of war it is very doubtful whether or not even the United States will be able to meet their commitments. In other words, there is no other place so far as I know that the United Kingdom can look, should we fall short in our bacon contract, to supplement their requirements from some other source.

Q. The production of bacon in the United Kingdom is practically negligible, is it not?—A. In so far as home supplies are concerned, it is negligible for two reasons; one, livestock production has been drastically curtailed because of the feed shortage; secondly, any hogs they are producing are being put into fresh meat market; and therefore they are dependent on us for bacon. They may be at times curing small quantities of bacon, but as far as the broad general picture is concerned, virtually all their hog production, and as I say, it has been drastically reduced in wartime, is going largely into the fresh meat supply and practically none of it is going into bacon.

I am not sure whether I have given you our contracts to date or not. During the first contract we shipped approximately 331,000,000 pounds and the price was \$18.01. These prices are all 100 pounds Canadian seaboard; this is the British buying unit. During the second contract we shipped 425,617,000 pounds; and price at the opening of the contract was \$15.82. Later, I think about the 1st of May, they increased that price by 5 shillings to \$16.82; and it was during that period or subsequent to that that the Canadian government war appropriation of between 2 and 3 million dollars made possible further increases in price. I think I have the figures here—yes: during 1940-41 they raised the price to 85 shillings, or \$16.82 on May 1st—then subsequently the Dominion government raised the price by an increase of 75 cents per hundred weight on June 2nd; 75 cents more on June 24th; and finally \$1 on July 2nd again are for A grade Wiltshires. Now then the total; when the present contract is completed we will have shipped over two billion pounds of Wiltshire bacon to the United Kingdom since the outset of the war at an estimated value of around \$396,500,000. In addition to that we will have shipped approximately 40,000,000 pounds of pork offals—kidneys, liver and tongue, mostly livers, having a total value of \$4,300,000. We will have shipped 12,000,000 pounds of canned pork at an estimated value of \$3,500,000; and 1,000,000 bundles of hog casings of a value of approximately \$1,000,000; a total overall value of pork products of all kinds of \$406,000,000—that will be as of the completion of our present contract.

And now, Mr. Chairman, I think that is about all the information I have to give the committee in the form of a statement. I admit quite frankly that I have not gone into the details, not because I did not wish to go into them or give you full information, but I think it would probably facilitate the work of the committee if further information was brought out through questions and answers.

The CHAIRMAN: Before we leave that, Mr. Pearsall, I see you have a statement giving in tabulated form some of the information which you have been placing before the committee. I think that should be read into our record, or placed in our record, so that we will have it all together in one picture. Is the committee agreeable that that should be done?

Some Hon. MEMBERS: Agreed.

SHIPMENTS OF BACON AND OTHER PORK PRODUCTS FROM CANADA TO THE UNITED KINGDOM UNDER FOUR BACON AGREEMENTS

Product	1st contract 1939-40	2nd contract 1940-41	3rd contract 1941-42	4th contract 1942-43 ¹	World War II to date
Wiltshire bacon.....Lb.	331,481,636	425,617,941	600,013,007	675,000,000	2,032,112,534
and cuts.....\$	60,860,000 ²	69,918,977	118,811,286	147,000,000	396,590,263
Pork offals.....Lb.	2,300,098	12,689,924	10,646,923	14,000,000 ³	39,636,945
\$	234,378	1,286,750	1,123,452	1,665,000	4,309,580
Canned pork.....Lb.			9,007,536	7,000,000 ³	13,007,536
\$			1,645,545	2,000,000 ³	3,645,545
Lard.....Lb.		4,411,904			4,411,904
\$		375,012			375,012
Hog Casings.....Bdls.			452,808	500,000 ⁴	952,808
\$			568,066	625,000 ⁴	1,193,066
Total Value	\$61,094,378	\$71,580,739	\$122,148,349	\$151,290,000	\$405,113,466

¹ Figures for 1942-43 represent estimated volume and values on bases of contracts.

² Estimated.

³ Estimated—no specified quantities.

⁴ Negotiations incomplete.

⁵ Includes only livers and kidneys—negotiations for tongues incomplete.

A COMPARISON OF FOUR BACON AGREEMENTS

	First Agreement 1939-40	Second Agreement 1940-41	Third Agreement 1941-42	Fourth Agreement 1942-43
Term of Agreement: Beginning.....	Nov. 1, 1939	Nov. 1, 1940	Oct. 12, 1941	Dec. 21, 1942
End.....	Oct. 31, 1940	Oct. 11, 1941	Dec. 21, 1942	Dec. 26, 1943
Date Agreement officially announced.....	Dec. 4, 1939	Nov. 14, 1940	Aug. 28, 1941	Oct. 2, 1942
Quantity contracted for—				
Total, mill. lb.	291.0	425.6	600.0	675.0
Weekly, mill. lb.	5.6	8.2	11.5	13.0
Percentage of Wiltshire sides specified per cent.....	65	75	75	75
Price per 112 lb. A Grade Wiltshires,				
F.A.S. Canadian seaboard shillings	90/8	80 ¹	100	110
Price per 100 lb. A Grade Wiltshires,				
F.A.S. Canadian seaboard\$	18.01	15.82 ¹	19.77	21.75
Actual quantity of bacon shipped				
Mill lb.....	331.0	425.8	600.0	*
Inspected slaughterings—				
Total, 000 head	4,770	6,190	6,417	*
Ave. per week, 000 head.....	92	119	123	*
Hogs required for export—				
Total No. hogs ooo head.....	2,500	3,700	5,200	5,625
Ave. per week 000 head.....	48	71	100	108

* Not yet available.

¹ Raised to 85 shillings or \$16.82 on May 1, 1941; during the 1940-41 agreement the Dominion Government raised the price paid to packers, by 75 cts. cwt. June 2, 75 cts. on June 24, and \$1.00 on July 23.

The WITNESS: There is one point that the chairman mentioned to me at the outset that I should have covered, and that is as to the members of our board. Our board is comprised of four members, they are the same members as for what was formerly known as the Bacon Board: Mr. J. G. Taggart as chairman; then there is Mr. L. C. McOuat, agricultural agent for the C.P.R.; Mr. S. E. Todd, secretary of the industrial development council of the meat packers; and Mr. Adrian Morin, Deputy Minister of Agriculture of the province of Quebec. In addition to the Board we have an advisory committee which is made up as follows:—

Mr. G. H. Wilson—I think his address is Charing Cross, near Chatham, Ontario, a farmer;

Mr. John Harrold of Edmonton—he is a farmer;

Mr. W. J. Reid, for the maritime provinces—I am not quite sure of Mr. Reid's present status, he was at one time employed by the provincial government, but I think he is now operating on his own;

Mr. Fred Downing—and I believe he is manager of the Western Livestock Cooperative in Winnipeg;

Mr. J. Bisson—of Montreal, manager of the eastern section of the cooperative;

Together with the following three packer representatives:—

Mr. John Tapley of Swift Canadian Co.;

Mr. K. N. M. Morrison—he is the manager of the cooperative packing plant at Barrie;

Mr. John Burns, of Burns and Company.

They constitute the members of the advisory committee.

By Mr. Rickard:

Q. How many of these represent producers?—A. Well, Mr. Wilson and Mr. Harrold I know definitely are farmers, and, as I said, I am not sure of Mr. Reid's present status; he was with the provincial government but I understand that he is now operating a farm of his own.

By Mr. Perley:

Q. How often does the board meet with the advisory committee?—A. Not at any regular intervals. I think we have had seven or eight joint meetings since they were appointed.

Q. And, do you take any of their recommendations?—A. Very definitely—they are of considerable assistance to the board. For example, when we had to decide on policy in regard to increases in the weight of hogs; the producers' views on that was very worthwhile; and certainly very helpful in this regard. Then they come in on other board discussions with respect to operating problems, and they can then go back to their respective communities and have some knowledge of what we are doing. Of course I admit that on our day to day operations it is pretty nearly impossible to keep the members of the committee advised, because we have to make day-to-day decisions, and in so far as these immediate operations are concerned, they are not advised. But as far as broad policy is concerned they definitely are consulted and we try to keep them advised.

By Mr. Fair:

Q. On the Meat Board itself you have no representative of the producer, have you?—A. No.

By Mr. Aylesworth:

Q. These three farmers that you spoke of are producing hogs themselves, are they?—A. Mr. Harry Wilson is one of the largest hog producers in his area; I do not know how to appraise Mr. Harrold, but he raises a considerable number of hogs, whether he is a big hog raiser as Alberta producers go, I do not know; but I know he is quite a hog raiser.

By Mr. Cruickshank:

Q. How are they appointed?—A. By order in council on the recommendation of the Minister.

Mr. FAIR: Who recommends them to the Minister?

By Mr. Aylesworth:

Q. No one from Ontario?—A. Mr. Harry Wilson.

Mr. MATTHEWS: Mr. Douglas can give you the background of Mr. Reid.

The CHAIRMAN: I think we know who these gentlemen are in a general way.

By the Chairman:

Q. How many hogs would 2,000,000,000 lb. of bacon represent?—A. Approximately 17,000,000 hogs.

The CHAIRMAN: I was asking Mr. Pearsall if he could give us an estimate of the number of hogs it would take to fulfil those four contracts which he has mentioned and he gave me a rough estimate of 17,000,000.

Mr. PERLEY: Would you speak a little louder, Mr. Chairman?

The CHAIRMAN: I said I asked Mr. Pearsall if he could give an estimate of the number of hogs that were required to fulfil these contracts to the British government and he estimated it would take 17,000,000 hogs.

Mr. GOLDING: For the 2,000,000,000 pounds?

Mr. PERLEY: In the three years?

The CHAIRMAN: In the four years up to the end of the present contract. I thought perhaps it would be an interesting thing to have included along with the poundage and dollar value.

By Mr. Cruickshank:

Q. Up to date?—A. When we complete this present contract, which will be the end of this year.

By Mr. Fair:

Q. I wonder if Mr. Pearsall can give us the number of hogs raised in each province from 1942 and the percentage in each grade?—A. 1942?

The CHAIRMAN: I was going to ask Mr. Pearsall a similar question; perhaps we can get that set out a little later on.

By Mr. Rickard:

Q. How many representatives of the packers are there on the Board?—A. On the Board itself? Mr. S. E. Todd is the secretary of the Industrial Development Council of the Canadian Meat Packers, which is an organization of the packers themselves.

Q. You said there were three packers?—A. That was on the advisory committee.

Q. On the main Board itself?—A. The main Board is made up of the Hon. Mr. Taggart, Mr. McOuat, agricultural agent of the C.P.R., Mr. S. E. Todd, who is the secretary of the Industrial Development Council of the Canadian Meat Packers, and Mr. A. D. Morin, Deputy Minister of Agriculture for Quebec, and myself, as secretary-manager.

By Mr. Fair:

Q. I wonder why they did not find a place on that Board for a representative of the producers.

The CHAIRMAN: There are several representatives of producers on the advisory board. This is the administrative board that Mr. Pearsall is dealing with now.

By Mr. Cruickshank:

Q. Could not the producers be included in that?—A. I think I can answer that question. There are two views that you can take; one is that after all this Board is only an operating board, it is not a policy-determining board; but the essential factor is that when this Board was appointed in 1939 it was extremely difficult to know whether you could select a producer representative who belonged to an organization representing the hog producers in this country, that is the commercial hog producers.

Q. Is there not a swine producers' association?—A. That is a pure-bred organization and I doubt very much if the hog producers in this country would say that the swine producers' association adequately represented them, at least that is the view they have expressed to me.

By Mr. Wright:

Q. Do you think the Canadian Federation of Agriculture could not have furnished you with a representative?—A. I think their position in 1939 was a little different to what it is now.

By Mr. Perley:

Q. Was the Canadian Federation of Agriculture not organized at that time? A. I think certainly there was a Canadian Federation at that time the same as to-day.

By Mr. Cruickshank:

Q. Do you happen to know if they were consulted?—A. The only way I can answer that question is—not to my knowledge.

The CHAIRMAN: You are talking about producer representation. The province of Saskatchewan has come forward with one of the biggest proportional increases in production of any part of Canada, and selected as chairman of the Board was the Minister of Agriculture of that province who, I think, should be recognized as representing all interests.

Mr. EVANS: Mr. Taggart is a practical farmer as well as a scientific man; I cannot see why he cannot adequately represent agriculture from the producers' standpoint. If he cannot, I do not see who can do it.

The CHAIRMAN: That is not Mr. Pearsall's affair; that is the responsibility of the government through the Minister of Agriculture.

By Mr. Rickard:

Q. Did I understand three packers were represented on the advisory board?—A. Yes.

Q. And three producers?—A. Well, there are really five producers, and three packers. I want to have this noted, that one of these packers is, in my opinion, something more than a packer representative; he is also the manager of the co-operative packing plant at Barrie which represents probably as good an organized group of farmers as you can have. So there are three farmers' representatives, and those two trade representatives representing co-operative marketing organizations, namely Mr. Downing and Mr. Bisson.

By Mr. Golding:

Q. Mr. Pearsall, I wonder if you could tell us now if you have any comparable figures of packing plants, as to their actual cost of production and servicing the production, the actual cost of processing. What I mean is this: you may have plants that are very efficiently operated and you may have plants that perhaps are not as efficiently operated. Have you any knowledge of the processing cost?—A. Not definitely; that is a difficult question to answer, sir. Take a packing plant in Toronto; to-day hogs are worth shall we say, \$16.75 in Toronto dressed. A farmer ten miles out of Stratford, if he had to send his hogs to Toronto could probably get \$16.25. It costs about 50 cents to get them to Toronto. Now, you have a packing plant at Stratford. Their operating costs are probably greater than that of the packing plant in Toronto because of less volume. On the other hand, theoretically, they should pay the same price for export bacon as Toronto, as the freight rate to seaboard is the same; yet they can probably buy hogs at \$16.50 and although their operating costs may be greater the farmer benefits to this extent, that he their operating costs may be greater the farmer benefits to this extent, that he would have to take the Toronto price. So I do not think I can give you any figures that would mean anything on operating costs. I can do this: we have some figures compiled and some facts we know. This figure is based on the average dressed cost of hogs in Toronto last week, and it was \$16.80. A B-1 hog, weighing 175 pounds, at \$16.80 would work out this way: the packer would pay \$28.56 for it. The farmer would get that less whatever it cost him to get it to the market. That 175 pound hog would produce 132 pounds of Wiltshire bacon for which the price at seaboard would be \$21.55 for 100 pounds, or a total value at seaboard of \$28.45. In other words the packer actually pays more for the hog than he got for the value of the total export product at seaboard.

By Mr. Rickard:

Q. But he got all of the offals in addition?—A. I shall come to that. There is one other factor we know. It costs him approximately 48 cents to get the product down to seaboard because the freight rate is 35½ cents a hundred pounds. The net value of the exportable part of the carcass would be \$27.97 at the packing plant. So the packer had a loss of 59 cents. Now he has in addition the value of his cutting credits; that is the head trimmings, the backbone, the liver, and so forth. They all have a set value given to them as indicated in a Bacon Board bulletin. The values of those constantly vary. The value of offal and the cutting credits would be higher at Toronto than at Winnipeg or Stratford. The best estimate of what they are worth to-day is somewhere between \$1.95 and \$2.05. On the other hand, you have to make certain deductions, for in all these figures there is no cost for the killing or operating charges or anything like that.

Q. That would not be the value if you went to the butcher shop to buy it.—A. No, it is quite true that would not be the retail value, that is the wholesale value going out of the packing plant.

By Mr. Cruickshank:

Q. What was that first figure, \$27?—A. \$28.45 at seaboard less freight.

Q. What would that be?—A. \$27.97.

Q. And the packer got \$1.45, he got \$28.56 for the hogs—A. He got \$28.56 for the hogs, actually at the plant \$27.97, which shows a loss of 59 cents on that export operation.

Q. Then he has the offal.—A. Then he has the cutting and killing credits; that is the value of the heart, the kidneys and blood and everything else.

Q. What do you estimate that to be?—A. Somewhere between \$1.95 and \$2.05.

By Mr. Rickard:

Q. What is the cost of the operating expenses on the hogs, do you know that?—A. I do not know, it varies tremendously between packing plants.

By Mr. Cruickshank:

Q. The packer has \$1.30 and he has to take the killing out of that?—A. He has to add on his cost of killing and he has to add to that the cost of processing and baling these Wiltshires.

Q. Roughly he would get \$1. If the packer can make anything out of that he ought to get the O.B.E.

By Mr. Perley:

Q. Can you give me anything in the way of a comparison of the profits that the packer would have on a minimum weight hog and a maximum weight hog? May I say there has been some argument to the effect that the farmer should be allowed to produce a heavier weight hog because from the standpoint of the farmer the last 25 pounds are cheaper to put on than the others, especially with the hogs in the pen.

The CHAIRMAN: You will have to speak louder.

Mr. PERLEY: I thought I was speaking pretty loudly.

The WITNESS: The only way I can answer that question is this, that I have already put on the record the prices that we are paying. For example, we are paying \$21.95 for top grade Wiltshire; if the hog is a heavy hog there will be \$2.50 per hundred pounds off anyway.

By Mr. Perley:

Q. Off the heavy hog?—A. That is, we are paying for the heavy Wiltshires \$2.50 per cwt. less than we do for a sizable Wiltshire.

Q. You do not make the same grade of bacon, so to speak, out of the light hog as you do from a heavy hog, or do you make so much Wiltshire bacon out of every hog?—A. No, you must understand that as far as Wiltshire bacon is concerned it is practically the whole hog. When we speak of bacon for export you are taking virtually the whole hog.

Q. Coming down on the train were two or three representatives of the packers. I had a little conference with them and they had samples of bacon there. They told me they could make practically the same grade of bacon out of any weight of hog, that is, out of a 250 pound hog they could take so much of this premium bacon?—A. Were they talking about export or domestic bacon?

Q. I think for export.—A. They certainly cannot do that in so far as export is concerned. They might possibly change the weight of the hog by one or two pounds but certainly not any more than that because export Wiltshire is the whole hog with its head cut off, feet cut off and the backbone removed. That operation is done under inspection. We prescribe how it shall be done. We have a book "Canadian Standards for the Preparation of Wiltshire Sides and Cuts." That sets forth all the details and if any members of the committee are interested in the technical end of it I would be pleased to supply enough copies of that to go around, but you certainly cannot take a heavy hog and make an export Wiltshire out of it.

Q. How about the next grade of bacon below that?—A. The same thing applies.

By Mr. Aylesworth:

Q. Does a B-1 carcass make as good Wiltshire side as the A grade?—A. The main difference between the A and B is as far as selection is concerned. When I am talking of selection, I mean the percentage of fat. A B-1 carcass would be the same as A grade as far as the amount of back fat is concerned. Whether it is A or B carcass would depend on probably three or four things, first of all the type of hog. If the hog had a heavy shoulder it would go into B. It would not go into A.

By Mr. MacDiarmid:

Q. On a 250 pound hog you can get No. 1 bacon but you cannot get the percentage on a 250 pound hog that you can on a 200 pound hog. You will get some first class bacon, will you not?—A. No, because for export the whole hog is taken.

Q. I know, but you could separate it and get part of that 250 pound hog that would be No. 1, but the percentage of No. 1 bacon in a 250 pound hog would not be as high as in a 200 pound hog?—A. Do you mean a certain cut like a ham?

Q. You can get some premium No. 1 bacon in a 250 pound hog that would be just as good and the same grade as in a 200 pound hog but not as high percentage?—A. If you are talking about the domestic market, yes, but as far as the export market, no. As far as the domestic market is concerned we are not interested in the grade of it at all. It is quite possible they can take a heavy belly and make what they call a No. 1 premium belly out of it for the domestic market.

Q. But in the whole 250 pound hog there are some parts of that which, if they were cut out, would be just the same as in the 200 pound hog?—A. In the domestic market, but not for export.

By Mr. Wright:

Q. Could not the English butchers do the same cutting of our bacon after it arrives in Britain as our people do here?—A. No, it is processed and handled in an entirely different way. A Wiltshire side is a hog just split down the centre with all the rind and the fat and everything. The head is removed and the backbone removed. They call the whole hog bacon. When we speak of bacon here we generally refer to breakfast bacon, which is the belly cut, or trimmed loin which is back bacon.

Q. What I am getting at is before this bacon is put on the British market could not the British people themselves trim that bacon so that first class bacon would go on the market?—A. No, they do not. That is why it is essential that we should have our bacon not too fat because the British house-keeper buys that exactly the way it is. If you go to buy a rasher of bacon you take a slice off, rind, fat and everything. It is not trimmed in any way. That has always been the practice in the United Kingdom.

By Mr. Cruickshank:

Q. The reason is because they are accustomed to that class?—A. That is the way it has always been done.

Q. Because they are accustomed to it?—A. Yes.

Q. In times like these could they not get accustomed to a little bit more fat?—A. I cannot answer that question. They probably have. There is no question about it they have eaten a lot more fat because we are shipping fatter bacon.

Q. We were told in the house by the minister, if I remember correctly—and I can see the reason of it—that we wanted to maintain our grades for after the war purposes?—A. Yes.

By Mr. Cardiff:

Q. How many grades are accepted by the United Kingdom in this contract?—A. Our contract calls for A and B.

Q. Just two grades?—A. Just two grades, and they do not differentiate between selection or weight at all. They will take them from 45 pounds to 80 pounds. That would be from hogs—I am just taking a guess—about 170 to 240 pounds.

By Mr. Hatfield:

Q. Why do you have fourteen or fifteen grades here?—A. That is the normal peacetime practice. As I tried to state at the outset if we had paid a flat price for all qualities and all weights we would do away absolutely with all the work we have done in the past twenty years. In other words, the quality of our bacon would deteriorate very quickly.

By Mr. Wright:

Q. You stated that you sell to Great Britain two grades' A and B, but you yourself buy from the packers fifteen grades of A and fifteen grades of B?—A. Right.

Q. What is the loss or gain to the Board in this process?—A. That has varied. We have tried to estimate it. I have not the exact figures shown on the financial statements, but during each contract we have created some surplus after deducting our cost for storage, and so forth.

Q. What was that amount in the 1942 contract?—A. I cannot tell you the exact figure. I should hardly put this on the record because I have not got the figures but I think it was about \$1,300,000.

By Mr. Cardiff:

Q. The reason the Board follows that practice is to try to keep the grade up?—A. Yes.

By Mr. Wright:

Q. What is done with that surplus?—A. What happened with respect to that particular surplus was that last fall our contract with the United Kingdom expired about the end of September, but at this time we still had some 70,000,000 or 80,000,000 pounds of product remaining to buy on our old contract. In our new contract as announced we had an increase of 10 shillings or from \$19.77 to \$21.75 per 100 lb. As soon as the contract was completed and we knew that the new price had a 10 shilling increase we increased the price by 10 shillings immediately and the farmer benefited all during the fall. In other words, they had this year's contract price from October 1 whereas if we had not had any reserve the lower prices would have continued in effect until we completed the purchases around the 21st of November.

Q. Could you put on record what that meant to the farmer during that period so that we would have it?—A. About the only way I could put that on record—and I have not got it here—would be to take the hog prices that were in effect, we will say, at Toronto and Winnipeg prior to that and what they were after to show the extent the farmers benefited.

Q. You stated that you purchased bacon during 1942 from twenty some firms?—A. Thirty-four firms.

Q. Could you give us the names of those firms and the amount purchased from each of them and put it on the record so we will have that?—A. I cannot give you—

Q. During the 1942 contract?—A. I cannot do that to-day. I can get the information for the committee though.

Q. Yes, if you would.

By Mr. Hatfield:

Q. You only have one in the Maritimes?—A. Yes.

Q. Why is that?—A. Essentially two reasons; one, there are only two inspected firms down there; secondly, the Maritime Provinces as a whole are a deficit hog producing area. As a matter of fact, one firm in the Maritimes has shipped very little bacon. It has only been occasionally when there has been a surplus that they ever exported.

Q. What are the names of the two firms?—A. Swift Canadian at Moncton and Davis and Fraser at Charlottetown.

Q. What about Davis and Fraser at Halifax and Slipp and Flewelling at St. John?—A. No. Those I have mentioned are the only two plants under federal inspection. We are limited to purchasing from federally inspected plants, because we cannot export otherwise.

Q. What about Davis and Fraser at Charlottetown?—A. We would be quite prepared to buy from them any time they wish to offer us any product.

By Mr. Rickard:

Q. Do the packers go by the standards you set absolutely?—A. Yes.

Q. The reason I asked that is this. If a hog is one pound or two pounds over the weight or under the weight, the farmer gets docked for that.—A. Yes.

Q. Does that bacon all go into the same grade? The argument is, of course, that the bacon all goes into the same grade.—A. The two grades. For instance, I illustrated that we have fifteen different grades and selections. There are only about four or five grades which they do buy from the farmer. You cannot perfectly synchronize carcass grading and export grading. But on the question of weight, there is a certain amount of latitude in our carcass grading. For instance, in A-grade hogs we will take weights from 140 pounds to 170 pounds.

Q. What about it if a hog is 171 or 173 pounds?—A. A hog, to get into the sizable grade, would have to weigh somewhere between 142 and not more than 167 pounds. In other words, there already has been some latitude. A hog that is 172 pounds is five pounds over-weight for a sizable Wiltshire, not just over-weight by one pound.

Q. Not according to the standards you allow the packer.—A. As far as we are concerned, we do not care what the packer bought them from the farmer as. He has got to put them into the Wiltshire grade so that it qualifies then.

By Mr. Wright:

Q. Would he be able to buy a hog at 173 pounds, say, and give the farmer a deduction and then in killing cut that extra pound off and sell it to you as grade-A?—A. He might cut half a pound off. You could not cut two pounds off.

Q. You could not cut two pounds off?—A. No. I am not going to say he could not cut half a pound off.

Q. It would be fair to say that he could cut half a pound off?—A. Yes.

Q. Or a pound or two pounds or maybe up to five pounds?—A. Very definitely no. The only place he could cut five pounds would either be off the belly or off the neck.

By Mr. Fair:

Q. You could take a good slice off the neck?—A. Yes.

By the Chairman:

Q. In the end, what market is there for this at the present time? Is it the export market or the domestic market? That pig, if it did not come up to that grade, would go on the domestic market. I mean to say, if it was not fit for some export grade.—A. Yes, the domestic market.

Q. It goes on the domestic market?—A. Yes. Only we limit the quantity you can put on the export market.

Q. You are not going to put definitely off-grade hogs in your export market?

—A. When you get to that point where we are taking 88 hogs out of every 100 hogs in western Canada, we are taking practically everything exportable.

By Mr. Aylesworth:

Q. You are even taking heavies?—A. Taking heavies, taking extra heavies.

By Mr. Perley:

Q. Of the 17,000,000 hogs, could you give us a breakdown of the amount from each province?—A. What is that?

Q. You said there were 17,000,000 hogs required. Could you give us a breakdown of the number from each province?—A. From which?

Q. I understand the chairman said you were going to get that?

Mr. CRUICKSHANK: He said he was going to get it.

By Mr. Golding:

Q. You have in every packing plant your own graders to grade the hogs on the rail?—A. Yes.

Q. They are there really to protect the producer?—A. That is their primary responsibility.

Q. They are paid by whom?—A. Paid by the dominion government.

By the Chairman:

Q. I was going to ask a question which some gentleman over here started to ask a little while ago, and just follow it up. The question I have in mind has to do with our standards and the maintenance of the quality of our hogs as reflected in the gradings. You have mentioned that you are taking now in this contract out-of-weight hogs which may mean that the grading records are not as complete as they should be in that regard. What I am getting at is this. I noticed a few days ago in a return that I saw where the percentage of A-grade hogs in Ontario was much higher than it was in the western provinces. What I am coming at is this. Are the grades of our local hogs in western Canada or in all Canada standing up or have they declined in quality since this increased production developed?

Mr. GOLDING: Increased weight.

The WITNESS: They have declined. I think this increased weight has seriously affected the quality of our hogs. In Alberta in 1941, 30·5 per cent of all the hogs graded were A-grade. In 1942 that was down to 25·8 per cent. I am satisfied myself there is only one answer to that and that is the increased weight, because there is a bigger increase in the average weight of hogs in Alberta than anywhere else in Canada.

By Mr. Fair:

Q. Could you give the grade for Ontario?—A. Yes.

Mr. PERLEY: And Quebec and Saskatchewan.

The WITNESS: Saskatchewan, for 1941, 29·2 per cent. You will note there is not the same decline in Saskatchewan.

By Mr. Perley:

Q. Would you give us the grade?—A. That is A-grade: 1941, 29·2 per cent. In 1942, 28·7 per cent. In Manitoba, virtually the same: 1941, 25·4 per cent; and in 1942, 25·3 per cent.

By the Chariman:

Q. On the matter of Manitoba hogs, is that for hogs originating in Manitoba or would those be some from outside of the province?—A. Those are hogs originating in Manitoba.

Q. I think this would be an interesting statement to have included in the record. What does the committee think with respect to that?

Mr. GOLDING: Have you got the province of Ontario there?

Mr. PERLEY: Saskatchewan stood up pretty well.

The WITNESS: For the province of Ontario in 1941 it was 35.1; and in 1942, 35.8 per cent.

By the Chariman:

Q. On that point there, is there any explanation of why Ontario hogs should be grading higher than hogs in the western provinces?—A. Yes. I have not got the figures here because I have not carried that through, but I think you will find the explanation of that definitely if you will look at the grading of Alberta hogs. You will find that there has been a very substantial increase in the percentage of B-3 and heavy hogs. In other words, they have moved out of A-1 into these heavier grades and you will find the same thing happening to the same extent in Ontario. In other words, the average weight of the hogs in the west is about eight pounds higher than in the east at the present time.

Mr. CRUICKSHANK: The hogs feed better.

Mr. AYLESWORTH: You mentioned a moment ago that the average weight had increased about ten pounds per hog. Can you give us there what the average weight has increased, if any, in Ontario, or has that increase just been in the west?

Mr. CARDIFF: I think the fact remains that Ontario has been producing hogs much longer than the prairie provinces; that may be one answer to the question.

The CHAIRMAN: I think, Mr. Cardiff, that you are right. I think it is important to consider it in the light of the whole hog-producing industry of this country. I am just wondering along with that if we are giving sufficient attention to the question of our foundation breeding stock, to maintain the quality of hogs required to fill a contract of this importance. I do not interject that for the purpose of considering it in a discussion that has to do largely with marketing. But I believe there is something to the point which you raised there, that the foundation herds in Ontario may be more stabilized than they are in western Canada; and with this greatly increased production in western Canada, it looks as if our people were not paying the same attention to breeding as they are in eastern Canada.

Mr. AYLESWORTH: In Ontario we have been a long time in the business of producing hogs and should not expect the west, which have gone into the production of hogs to the extent which they have in the last three years, to be as efficient as we are.

The CHAIRMAN: Yes. But a lot can be done with respect to establishing a sound foundation stock that is satisfactory for breeding purposes, in the matter of hogs.

By Mr. Cardiff:

Q. I should like to ask Mr. Pearsall another question. Has the board given any consideration as to what effect the lateness of the spring and the small acreage seeded will have on the production of hogs for this year?—A. We are seriously concerned about that. Really the solution of that problem, of course, is not within our province. That has to do with the production end. But we are well

aware of the fact that the crop situation, or the prospect for the crop situation in Ontario is going to have a very definite reflection on our prospective hog production. In other words, we are advised that farmers now, because they do not see the feed in sight, are liquidating their sows and in some cases liquidating the young pigs. In other words, some steps need to be taken to assure these people that the feed will be available to finish these pigs. All I can tell you is that we have stated our views and we believe the matter is being handled—I do not know what advice or information Mr. Presant gave you, but I think an order in council has been passed. I do not know what the terms are, but I think it provides for paying a straight subsidy and probably storage costs. The objective is to get adequate feed supplies down into the east so as to provide some assurance that there will be feed to finish raising these hogs.

Mr. GOLDING: That was given out by the Minister.

By the Chairman:

Q. Would the fact that there was a plentiful supply of feed in western Canada—particularly in Alberta—which they were finding difficult to market elsewhere, not be an explanation for the heavier weight of hogs coming to the market?—A. Oh, I think so. Answering this member's question in regard to weight, I can give you this information; last week the average weight of hogs in western Canada was 164.5 pounds; and in the east, 156.3 pounds.

By Mr. Aylesworth:

Q. What I wanted to know was this. Has the average weight of hogs in Ontario increased?—A. No. I would not think so.

Q. No?—A. No. There is about eight pounds difference now. In other words, western hogs are eight pounds heavier than eastern hogs.

Q. But since the Board has allowed a little heavier weight of hog to go in; in other words, they have taken the B-3.—A. Yes.

Q. That has not affected us any in the average weight increase in Ontario like it has in the western part of Canada.—A. I do not know that that follows. I am afraid I have not got your point. I think there would be the same effect in the east as in the west.

Q. It could not very well have the same effect if the average weight in Ontario has not increased.

By Mr. Perley:

Q. The average weight has decreased by eight pounds in Ontario?—A. No.

Mr. AYLESWORTH: Yes.

The WITNESS: I have not got the figures, but I would say before any steps were taken to increase the average weight of hogs, the average weight in Ontario was 142 pounds and now is 156 pounds; and in the west you would find perhaps where the average was about 155 pounds they are now up to 164½ pounds.

Mr. FAIR: Mr. Chairman, when you take into consideration the cut in the price of the B-3 as compared with the A-1, is the farmer who produces a heavy hog making or losing money by putting on that extra weight?

Mr. AYLESWORTH: Making money.

The WITNESS: On B-3 there is no discount; and as a matter of fact, in taking that export product from the packer there is a very heavy discount on it. But as far as the farmer is concerned, there is no discount on B-3.

By Mr. Fair:

Q. So you think the farmer would be farther ahead to feed heavy enough to get into the B-3 grade?—A. Yes. I do not think there is any question about that.

By Mr. Rickard:

Q. That is at the present time?—A. At the present time.

Q. But in future perhaps it will not be so.

By Mr. Golding:

Q. If everybody did that what would happen?—A. If everybody did that we would just have that much more trouble.

By Mr. Wright:

Q. Do you not think a graded deduction rather than a straight deduction of a dollar for quality would be better? Would that not be more satisfactory to the producer? I know that the producers are kicking strenuously about the fact that if a side is one pound over, the deduction is made. I think you said the 167-pound hog was the maximum, and I think it would be better if you had a little more leeway there, if you said it would take in between 165 and 170 pounds.—A. There might be some merit in that.

Q. It seems to me that that would satisfy the producer more than the present system does. I know that I hear a lot of kicking.—A. We hear it too; continuous complaints about the fact that if a hog is one pound over the deduction applied.

Q. That is a point I think; a graded deduction would work better than a straight deduction such as we have at present.

By the Chairman:

Q. Somewhat along the same line, I do not know whether you want to answer this or not; do you think you require as many grades of hogs in order to accomplish your purpose as is now the practice?—A. You are speaking now of carcasses?

Q. Carcasses—grades of hogs.—A. There are two approaches to that, two fields of thought. We discussed this at various provincial producers' organization meetings. There is one field of thought that takes this view; that you have your export bacon grades correspond to the carcass grades. In other words, that when a hog is graded for the farmer it should be the same as when it goes for export. You follow that through to its logical conclusion and you run into this operating problem. That is, you have a minimum of about 30 different grades and selections for export, and that would make it almost unmanageable. In other words, you could hardly have 30 different grades; that is on account of size or anything else. That is one view and as I said there are very strong proponents for that field of thought. Then there is the other field of thought, which is probably borne out in the suggestion by your chairman: that is to restrict the number of carcass grades and absolutely disregard export bacon grades. There are people who are critical of this—there is always this question of the farmer getting different grades from the packer. Frankly, I think there is merit in both arguments, and those are the two fields of thought. Frankly, my own view is this; I do not see how you can set up a system of carcass grading that would tie up with your export grades. I think it would be absolutely unmanageable and too complicated. On the other hand, I do not know how to answer the farmer who comes in and says that he should have the same grade as the packer gets.

By Mr. Aylesworth:

Q. The grades as given to the packer,—are they any more adequate than the grades given the farmers—the rail grade or the live grade?—A. No, definitely not. Probably just one observation would answer that. I said at the outset that at present 49 per cent of our export bacon we are exporting

represents the heavier grades of product while at the same time we are exporting 75 per cent of our hog production. Farmers are not discounted for 49 per cent of hogs marketed by any means.

Q. The point is, is it a fact that when the farmer producer or shipper ships in a bunch of hogs and is not satisfied that his hogs have been graded properly, is it not a fact that you do not allow another grader to come in and grade those hogs?—A. That is quite true, yes.

Q. And not even if the grade is nowhere near being a fair or accurate grade?—A. I would not say—

Q. Is it not a fact that no two graders can go into a pen or even on rail and grade the same hogs exactly the same?—A. That is quite true.

Q. It seems to me that the whole thing is quite similar as going into a tearoom where there are two teacup readers and one teacup reader has read your cup and you turn around and ask the other reader to read it, they will absolutely refuse to do so because they know they cannot tell you anything that will correspond very closely with what the first one has read. I think the same thing applies to hog grading.

Mr. GOLDING: No, it is not as bad as that, I know.

The WITNESS: I think that is a little exaggerated. I do not think all hog grading is as exaggerated as fortune-telling.

Mr. AYLESWORTH: Well, my experience is that it is.

The WITNESS: I would say this, that there is always a difference of opinion as between individuals.

By Mr. Aylesworth:

Q. I would say that in my opinion it is only decent and fair to the producer or shipper where he feels when he is shipping to a point that he is not satisfied with the grade; I think he should be allowed to have those hogs regraded.—A. There is a practical problem in that. We are operating a policy of inspection right across the Dominion; and when I made a definite answer on that point a short time ago that we do not allow regrading, that is true, yet it is not true; if we get a complaint about grading we investigate it; and here is your problem—

Q. You investigate but you do not regrade.—A. Take Stratford, we have one grader there; so if your packer, your farmer or anyone else is not satisfied with our grading, who are you going to call in? We cannot do it there, and if we cannot do it there why should people coming to Toronto where there are three abattoirs and where we have three grades, why should they be permitted to call in another grader?

Q. It is quite noticeable where there is only one grader that after he is there for some time and you are shipping hogs in say every week to your point that you can always notice that if the market is running a little heavy for the packer that the price is adjusted to the price he feels he should be paying and you are not satisfied with your grade nine times out of ten. On the other hand, if the market is rising a little and the packer is quite anxious to get them nearly always you are satisfied with your grade?—A. You say, you are dissatisfied with the grade—who?

Q. I mean the producer, the shipper.—A. You are implying that the market price has some influence on the grade?

Q. I am not implying, I am stating that nine times out of ten it will happen that way, and I often wondered why it was.—A. I think I can produce statistics to absolutely disprove that theory, because we have had that—

Q. I can produce to you statements which absolutely prove that it is right.—A. You may have statements, but they should be based on fact.

Q. The proof is in the price of your bacon hogs.—A. List your prices each day and list your gradings and you cannot get any facts to substantiate that.

By Mr. Rickard:

Q. Does that hold true with rail grading the same as it does with live—

The WITNESS: I would be glad to produce statistics on that if there is any question on it. I am prepared to give it any time.

By Mr. Cruickshank:

Q. Don't you shift your carcass graders around?—A. Yes.

Q. We find exactly the same in British Columbia when a man stays too long in one place.—A. We try to move our men around in so far as it is practicable to do so. In points like Winnipeg and Toronto we shift our men from plant to plant weekly.

Mr. GOLDING: How long does he stay there?

The WITNESS: Well, if he is a married man he has to stay there a reasonable length of time, you cannot be moving him continually.

Mr. GOLDING: I think there is one thing that is stirring people up; or, at least, has them wondering: you talk about that wide fluctuation in price day to day and week to week, and the hold-up is this point, that your bacon price is a set price and yet the other prices fluctuate from day to day. I know I hear a lot of complaint about that.

Mr. EVANS: What is the reason for that?

The WITNESS: I am sorry, I cannot answer that.

Mr. PERLEY: I know that the shippers do have some complaints.

By Mr. Hatfield:

Q. What control have you over the packer?—A. We do have special authority in that we can set a minimum price should that seem desirable. We have at different times considered whether that would be advisable but the thinking to date has been from the experience with other commodities that once you set a minimum price that minimum price becomes the price.

Q. Is this price f.o.b. seaboard?—A. F.o.b. seaboard. And now, following further the question of what controls we have; we require each packer each week to file with us a statement, and we have these records complete, as to what their hog costs are; we know the total number of hogs bought and the grade for each, because we get that regularly all the time from the packers. With respect to the principal question as to why hog prices fluctuate, I am not going to attempt to answer that because I do not think I can. There may at times be certain factors that will affect the price; and while it is true that we have a set price for export and it is a uniform price and quite a percentage of the pork is going to export, it would seem that that was the dominating, or should be the dominating factor in setting our prices; or, a more prominent factor than it appears to be. On the other hand you have this factor, that the domestic market is still an important feature and that the domestic market does not have the same stability. During the period last summer when we were getting only relatively small quantities of bacon—something like 67,000,000 pounds—the packers, owing to the short hog run were getting a higher percentage in the domestic market and at the same time the market was relatively profitable; and if you recall last summer hog prices were fairly high throughout the summer and then we came along and said to the packer you have got to deliver more of the product for export, and that in turn put more into the low price field and less into the profitable domestic outlet; and that is the answer to why hog prices dropped last fall.

Mr. RICKARD: And, does not the local butcher come into that too?

The WITNESS: Yes. And another thing. There has now been a domestic price ceiling put into force and I think that has had a tendency to soften prices; and then also there was what has been termed a "black market". Then, since the point has been raised, there is another factor on these quotations, on some markets at any rate, and that is that high quotations do not mean much as far as hog costs are concerned, because we get figures on hog costs each week; and you compare those with the market reports and at times there is not a great deal of relationship between them. And we have considered the advisability of whether or not we should consider publishing dressed costs rather than hog prices just for that reason to get these facts on the table.

By Mr. Perley:

Q. You have given us a statement as to the percentage of grades in the different provinces, could you give us a price on the hogs delivered in each of the provinces?—A. Yes.

Mr. FAIR: Perhaps that could be put on the record.

The WITNESS: Yes, I could give you that information; I have it right here from 1923 to date.

Mr. FAIR: If you were to put that on the record, perhaps that would satisfy Mr. Perley.

Mr. GOLDING: Coming back to that point, which I would like to follow up—

Mr. PERLEY: Mr. Chairman, is that statement going on the record, or, are you going to give it to us now?

The CHAIRMAN: I think, in answer to your question, that this table should be placed on the record. It goes back to 1923; do we need to go back that far?

Mr. PERLEY: No, I just want those figures for these years.

Mr. FAIR: 1929 I think would be more desirable.

Mr. PERLEY: 1939 will be good enough for me.

The CHAIRMAN: To what year would the committee wish to have the figures put on?

Some Hon. MEMBERS: 1939.

The CHAIRMAN: We will have that paper put on the record.

By Mr. Perley:

Q. Could you give us the percentages of grades—I think you said Saskatchewan in 1941 was 29.02 grade A; and in 1942 28.07 grade A. Now, Saskatchewan kept up pretty well, then Manitoba—could you give us the volume for those years so that we will have an indication of the increase in production; and also the grades delivered?—A. I can give you those grades for Saskatchewan right now: in 1941—these are the hogs originating from the province of Saskatchewan for the calendar year 1941—857,023 hogs; in 1942, 964,632.

Q. Could you give us the deliveries in Alberta?—A. In Alberta, 1941—1,947,043; and in 1942, 2,182,326. Manitoba, 1941, 526,111; 1942, 578,059.

By Mr. Rickard:

Q. Ontario?—A. Ontario, 1941, 2,326,623; 1942, 2,021,562; Quebec, 1941, 450,840, with a grading percentage of 28.7; 1942, 347,707, percentage of A grade 30.4.

Q. Right on that point, have you the percentage of select hogs?—A. There are no select.

Q. The farmers are paid so much for select hogs.—A. These are select hogs, that is A grade carcasses.

Mr. CRUICKSHANK: Why cannot that schedule back to 1929 be made available? We have the information, so why not let us have it?

Mr. PERLEY: It has no value.

Mr. CRUICKSHANK: A member says it is of no value; I think it has value to know what the farmer got in the depression years. I am particularly interested in knowing what he got in depression years.

The CHAIRMAN: This has to do with marketing and grade. I think it would be satisfactory to the committee if we had the information since these bacon agreements were entered into with the British government.

Mr. CRUICKSHANK: As Mr. Pearsall has it all right there, why not put it on the record? Is there any objection to it?

The CHAIRMAN: No objection except this, it will be more detail on the record which I do not think applies to the same extent to-day. We could easily put it on for that period if it is the wish of the committee.

Mr. PERLEY: We are interested in the bacon agreements.

The CHAIRMAN: Since the period of the bacon agreement was initialed.

Mr. PERLEY: The point I want to make is this: the western provinces have stood up very well under the request made to them to increase production. They have all very considerably increased their production. I think the important point to keep in mind also is that they have built up their percentages.

Mr. GOLDING: They have done very well. I wonder if we can get back to the point—

The CHAIRMAN: Let us settle this question now. Shall we put on the record information with regard to the period since the bacon agreement was initiated with the British government?

Mr. FAIR: Back to 1929 would be better, as all it costs is the ink, the paper and a little cost for typesetting. I think we ought to have the information.

Mr. CRUICKSHANK: What harm does it do; it is all right there?

The CHAIRMAN: Very good.

HOG GRADINGS ACCORDING TO ORIGIN

BRITISH COLUMBIA

Carcass Grading

Year	Total	A %	B %
1940	6,165	23.0	51.1
1941	32,769	32.5	48.5
1942	31,875	32.1	51.7

ALBERTA

Live Grading

Year	Total	*S.B. %	*T.S. %
(Bacon after 1929)			
1923	404,860	2.4	73.0
1925	618,186	3.5	70.4
1930	628,935	6.0	21.0
1935	953,495	18.5	39.0
1936	981,490	22.6	38.7
1937	788,827	24.9	36.8
1938	490,030	32.5	40.4
1939	590,219	36.0	47.4
1940	540,316	32.7	52.4
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

SASKATCHEWAN

Live Grading

Year	Total	*S.B. %	*T.S. %
(Bacon after 1929)			
1923	197,618	4.8	63.9
1925	340,366	4.2	54.1
1930	314,579	5.1	17.0
1935	440,418	16.2	34.4
1936	542,525	16.5	34.3
1937	482,866	14.8	29.3
1938	137,625	20.1	32.4
1939	175,832	23.8	39.6
1940	152,075	23.8	38.7
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

Year	Total	A %	B %
1935 .....	.....	.....	.....
1936	48,819	31.7	47.9
1937	191,445	29.4	47.1
1938	292,808	31.2	49.4
1939	389,673	29.1	56.9
1940	945,066	27.2	58.0
1941	1,947,053	30.5	55.5
1942	2,182,326	25.8	57.3

Carcass Grading

Year	Total	A %	B %
1935	85	30.5	45.8
1936	27,472	26.8	43.5
1937	85,327	20.5	41.7
1938	79,501	22.8	47.3
1939	136,356	23.3	55.1
1940	496,863	27.0	53.8
1941	857,023	29.2	51.9
1942	964,632	28.7	51.2

MANITOBA

Live Grading

		%	%
1923	155,937	8.2	62.3
1925	259,436	7.4	58.4
1930	200,131	14.4	26.4
1935	211,825	18.4	37.5
1936	255,377	17.1	37.6
1937	228,837	17.1	37.3
1938	196,705	19.3	41.6
1939	260,066	21.3	46.3
1940	261,871	24.9	43.5
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

ONTARIO

Live Grading

		%	%
1923	1,506,279	21.1	55.3
1925	1,486,439	24.4	59.9
1930	1,053,868	24.7	52.5
1935	1,056,454	31.6	49.9
1936	1,291,352	31.6	49.9
1937	1,133,741	30.6	49.2
1938	897,435	33.4	49.9
1939	497,662	32.0	52.8
1940	180,568	26.5	54.2
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

		%	%
1935 .....	.....	.....	.....
1936	12,299	29.6	46.3
1937	26,809	24.6	45.6
1938	53,350	25.2	47.6
1939	67,146	23.7	55.9
1940	248,818	26.2	53.2
1941	526,111	25.4	52.7
1942	598,059	25.3	52.2

Carcass Grading

		%	%
1935	97,098	35.8	49.4
1936	286,267	38.3	47.8
1937	579,294	34.7	47.8
1938	733,927	34.0	52.2
1939	1,170,288	32.5	56.2
1940	2,010,888	29.1	58.2
1941	2,326,623	35.1	55.2
1942	2,021,562	35.8	55.3

QUEBEC

Live Grading

Year	Total	*S.B. %	*T.S. %
1923	91,986	10.9	38.9
1925	77,405	12.2	49.5
1930	82,827	9.5	28.8
1935	148,907	16.0	34.6
1936	215,825	18.8	37.7
1937	280,450	20.9	38.5
1938	202,583	22.6	42.9
1939	205,550	24.0	48.9
1940	188,051	23.6	50.2
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

		A %	B %
1935	711	19.2	43.3
1936	35,253	21.8	44.2
1937	62,244	25.7	41.4
1938	80,503	29.4	45.6
1939	131,023	27.8	49.5
1940	336,447	25.8	48.2
1941	450,840	28.7	52.8
1942	347,707	30.4	56.0

NEW BRUNSWICK

Live Grading

		%	%
1925	2,607	6.7	31.7
1930	3,317	10.3	21.6
1935	9,560	7.3	17.5
1936	9,474	7.7	21.9
1937	7,048	8.2	27.0
1938	7,550	7.9	26.4
1939	6,663	8.4	28.2
1940	1,839	7.4	23.0
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

		%	%
1935	1,080	33.7	30.3
1936	4,687	27.7	46.0
1937	15,207	21.0	47.1
1938	18,331	34.2	48.3
1939	20,632	31.4	49.7
1940	27,361	29.7	52.2
1941	23,526	35.0	49.5
1942	22,379	36.3	49.1

PRINCE EDWARD ISLAND

Live Grading

Year	Total	*S.B. %	*T.S. %
1925	11,733	17.7	22.2
1930	16,190	30.4	30.8
1935	10,371	31.6	31.4
1936	900	4.8	11.2
1937	814	8.2	14.3
1938	1,424	3.6	15.9
1939	739	3.3	13.9
1940	770	2.8	10.6
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

		A %	B %
1935	15,934	28.7	37.7
1936	31,278	29.0	44.1
1937	37,591	26.6	51.2
1938	39,899	34.7	48.6
1939	42,872	32.0	48.6
1940	46,864	29.4	52.9
1941	47,412	35.1	49.2
1942	52,876	39.1	49.9

NOVA SCOTIA

Live Grading

		%	%
1930	1,255	50.2	20.9
1935	508	.....	.....
1936	940	20.0	28.7
1937	1,186	11.2	25.3
1938	1,083	8.3	32.8
1939	463	3.2	44.0
1940	18	.....	.....
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

		%	%
1935	301	32.8	27.9
1936	1,418	32.1	47.6
1937	4,624	23.2	50.8
1938	7,055	32.1	49.2
1939	6,061	30.1	50.9
1940	5,562	26.7	55.8
1941	4,850	34.8	48.8
1942	6,747	38.5	51.3

CANADA

Live Grading

Year	Total	*S.B. %	*T.S. %
1923	2,356,680	15.3	58.9
1925	2,782,400	15.4	61.1
1930	2,301,102	15.5	35.7
1935	2,831,479	22.9	42.0
1936	3,297,973	24.4	42.1
1937	2,923,769	24.4	40.5
1938	1,934,424	29.5	44.5
1939	1,737,010	29.8	48.1
1940	1,325,592	27.9	48.9
1941 .....	.....	.....	.....
1942 .....	.....	.....	.....

Carcass Grading

Year	Total	A %	B %
1935	115,209	34.7	47.5
1936	447,493	34.5	46.9
1937	1,002,541	31.1	46.8
1938	1,305,374	32.0	50.5
1939	1,964,051	30.5	55.5
1940	4,124,034	28.0	56.4
1941	6,216,207	31.5	54.3
1942	6,228,163	29.9	55.1

* S.B.—Select bacon. T.S.—Thick smooth.

Mr. FAIR: I have some questions to ask if Mr. Soper is through.

The CHAIRMAN: Mr. Golding has started out to ask a question. What was your question, Mr. Golding?

Mr. GOLDING: It is in regard to the processing cost.

By Mr. Golding:

Q. You gave an illustration in regard to Stratford. What would be your opinion in regard to plants distributed throughout the province, such as Kitchener and Stratford, and the plant at Barrie, against the centralization of large plants in some of the bigger cities in so far as processing costs are concerned, handling and servicing?

Mr. AYLSWORTH: That all depends on the turnover, the number of hogs a packer handles. The larger number he handles the cheaper he can process them.

The WITNESS: I do not think it would be fair even to try to make an estimate. Take that group of people you mentioned, the 13 plants situated in the province of Ontario. I think you will find a wider variation between them than you will find between a firm like Schneider's and one of the larger Toronto firms.

Mr. GOLDING: I quite agree with that; but that is the evidence I should like to have.

The WITNESS: In so far as the total is concerned, I look at it this way: they are in business competitively and if they are going to get the hogs they have to be sure they earn sufficient to get by on. If they do not they go out of business. So long as they have paid a satisfactory price to producers we assume that they must be efficient enough to get by on their operating.

By Mr. Soper:

Q. Is it not a mistake to let down the grade for the after-the-war market? We have let down our grade of bacon going to the United Kingdom to a certain extent.—A. If you are looking at it from purely a post-war position, the reputation of Canadian bacon, for the surplus we have to market, I agree with you, yes. We went into this with our eyes open, we are taking the risk trying to do the job. But may I say this: the reason I mentioned the heavy hogs was this—there seems to be a growing demand in the country that producers be allowed to continue to raise still heavier hogs. Frankly I feel that it would be a fallacy to go any farther, I think we have gone farther than we should go even now. I think just as soon as we can get enough hogs to meet the commitments without this additional weight we should go out and advise the farmers to be sure that we get our hogs back to where they will produce a high quality product so that when the war is over we will at least have maintained some vestige of our reputation, because today Canadian bacon is going into 85 and 95 per cent of the homes in England. They are going to remember the bacon they got very vividly.

By Mr. Rickard:

Q. Right on that point, would it pay us to subsidize, give a better price to the producer and make the grading standard a little bit higher, because it is more practicable to grow a heavy hog and that is the reason the farmer is growing a heavier hog.—A. That may be so, sir.

By the Chairman:

Q. Does it follow, Mr. Pearsall, that you can produce a heavy hog cheaper than the regular 200-pound hog?—A. Probably you gentlemen can answer that as well as I can. I do not think so unless you have the feed in your barn and you cannot do anything else with it.

Q. I think the only advantage that has been proven to be gained from the production of the heavier hog is this: if the farmer is able to utilize a cheaper type of feed he will use that feed more efficiently in feeding heavy hogs than the younger hog would use the rough feed.

Mr. RICKARD: I do not think, Mr. Chairman, that is the experience of the hog producers.

The CHAIRMAN: Now Mr. Fair has some questions.

Mr. SOPER: I have three more that I should like to finish.

By Mr. Soper:

Q. Does the market drop as much now in July and August as it did formerly, or have we more even distribution of marketing the year round?—A. Last year the marketings dropped; I have not got the figures, but I think it is a fair statement to say that last year the marketing dropped seriously in the summer months. I attribute that to the fact that during that period we ran into the beef shortage and there was a development of what I shall refer to as "a black market," for the want of some better word, although I do not think it is the term to use, and there was a lot of diversion from regular slaughter to channels outside the ordinary meat trade, but I do not think there is any indication to suggest that there has been much of a change in the normal seasonal movement.

Q. Do you consider the packers are playing fair with the jobbers and producers?—A. That again is rather a large question, but I will answer it in this way: I cannot answer for every transaction that takes place—

Q. I am not throwing any reflection on the packers.—A. But I think it is fair to say this, our Board feels this, and if we did not feel it very strongly I think our Board would have taken some action, that the farmers and producers are getting a fairly proper share of the total money that is being paid for bacon; in other words, there are no exorbitant charges being taken by the processors, otherwise I think our Board would have the obligation to take some steps to see that it is corrected.

Mr. GOLDING: In regard to the—

Mr. FAIR: Following that up I should like to get in one or two questions, but it seems the other members are doing all the talking.

Mr. SOPER: I have one more question.

By Mr. Soper:

Q. Do you get a better class of hog from the dairy section than you do from the non-dairy section where the hog is fed more grain, where they do not have the products of the dairy to bring along the younger pigs?—A. I think that would follow, and more so in eastern Ontario. If you are talking of the skimmed milk, yes, but if you are talking about whey, no. I think, in a general way, however, that that is true. Ontario produces hogs which in the main have access to supplies of some skimmed milk. There is the fact that they are probably better bred also. After having said that, I must state this, that in western Canada—and this is a point that has been brought out—they have made a substantial increase in hog production with little or no dairy by-products with which to supplement their feeding, and they are making a real job of producing high quality hogs.

Q. I think most of the western farmers to-day are keeping some cows and have some skimmed milk.—A. Well, particularly in Manitoba and mixed farming areas, but there must be large areas in Alberta, considering the scale upon which they are engaged in hog production, where there is a very small production of skimmed milk available, as well as dairy products.

Mr. FAIR: Mr. Chairman, I have a number of questions to ask this witness, but our time has been taken up by others, and I did not wish to interrupt them. However, my questions may take a little time, and I am sure that other members may have questions that will take some time also. Therefore, I think that we should have Mr. Pearsall come before the committee on another day.

In fairness to the hog producers of my province, I think it is quite fair to say, because of the falling off in the grade of our hogs even possibly at the expense of an increase in number that to my knowledge great strides have been made in the province of Alberta through various means, particularly the selection of better breeding stock and better feeding and that kind of thing, and I believe that the people of my province have been doing their national duty in producing more hogs and putting extra weight on them.

By Mr. Leger:

Q. I would like to ask Mr. Pearsall if at the next meeting he will be prepared to answer questions with regard to beef slaughtering?—A. I presume you are talking about slaughter permits?

Q. Yes.—A. I am afraid I shall not be able to give you very much information about slaughtering. Fundamentally the final responsibility rests with the Wartime Prices and Trade Board. The Wartime Prices and Trade Board require people to have slaughter permits which is something that we are directly interested in because after the Wartime Prices and Trade Board have issued slaughter permits we are vitally interested in how many hogs they allow to be killed. I would be pleased to give the committee any information I can, but I do not think I should say that I will assume responsibility.

Q. Will you accept suggestions?

Mr. WRIGHT: I asked to have the amounts the Board purchased from these thirty-four firms you were purchasing from. Also I would like to have the total kill of the firms at the same time so that we would know what portion was purchased from each firm.

The CHAIRMAN: Well, gentlemen, that will conclude our sitting for this morning.

The committee adjourned to the call of the chair.

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(SESSION 1943)
(HOUSE OF COMMONS)

(STANDING COMMITTEE)

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

TUESDAY, JUNE 29, 1943

WITNESSES:

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board

Mr. R. S. Hamer, Director of Production Service, Department of Agriculture

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943



MINUTES OF PROCEEDINGS

TUESDAY, June 29, 1943.

The Standing Committee on Agriculture and Colonization met at 4.00 p.m.
The Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Blair, Cloutier, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Fontaine, Furniss, Golding, Gregory, Hatfield, Henderson, Kirk, Laflamme, Lafontaine, Leger, MacDiarmid, McCuaig, McCubbin, McNevin (*Victoria, Ont.*), Perley, Rheame, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Ward, Weir, Whitman and Wright—34.

In attendance: Mr. L. W. Pearsall, Secretary-Manager of the Meat Board, and Mr. R. S. Hamer, Director of Production Service, Department of Agriculture.

The minutes of the last sitting, held on Friday, June 25, were read and, on motion of Mr. Dechene, approved.

Mr. Pearsall was recalled and, after being further examined, stood aside and Mr. Hamer was called. He made a statement on the beef situation in Canada and was examined.

At 6.00 o'clock, on motion of Mr. Leger, the Committee adjourned until Thursday, July 1, at 11.00 o'clock a.m.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 29, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4 o'clock p.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Shall we proceed, gentlemen?

Mr. PERLEY: Mr. Chairman, may I ask a question with regard to the papers that were filed? They are not printed in the report, of course. Will they be distributed?

The CHAIRMAN: Which papers are you referring to? Are they the answers to those questions?

Mr. PERLEY: Yes.

The CHAIRMAN: They will be printed in the report that is coming out.

Mr. PERLEY: All right.

The CHAIRMAN: Last day we had Mr. Pearsall, chairman of the newly-constituted Meat Board, before the committee, and it was the desire of the committee that he should return again for further review of the activities of that branch of the organization. He is here this afternoon. I presume that the committee have a number of questions they wish to ask of him, and we will begin with Mr. Pearsall. I think there were also some questions asked the other day of Mr. Pearsall as to which he said he would try to secure information. If he has that information, it might be well to incorporate it in the record at the beginning of to-day's meeting.

Mr. L. W. PEARSALL, recalled:

The WITNESS: The request was made last meeting for the amount of bacon that had been purchased from each packing company and the amount of money that has been paid to each packing company since the board started operations. I find, after going back to the office, that it will take some little time to get that information out. All cheques are paid by treasury; and when I checked with treasury on this, they did not have the information in that form. They were not able to give me immediately the amount of money paid to each packing company since the board started to operate, and they advise me it will probably take until about Saturday to get that information. But it can be made available a little later. I am not in a position to give it at the present time.

The CHAIRMAN: Well, I suppose all we can do is wait until that information is available. Mr. Pearsall has not any other additional general statement that he wishes to make. Therefore the meeting is open for questioning with respect to the activities and operations of the Bacon Board. I presume it will be best to hold it to that for the beginning.

By Mr. Senn:

Q. Mr. Pearsall, do all your findings and activities have to be submitted to the Minister for final approval?—A. The order in council setting forth the terms of reference for the board states "subject to the approval of the Minister."

Q. And they are all submitted to him, I suppose; he bears the final responsibility for all the activities of the board?—A. The minister bears the final responsibility; and I think, as a general statement, all matters of policy are cleared with the minister. I am not going to say that all details of operation are cleared with him from day to day.

Q. You were stating a moment ago something about the amount of money paid to the different packers. I notice in your reference here that you have powers to determine the price paid to the packers in all cases. Is that correct?—A. That is correct.

Q. How is that done? It must take a lot of computation to find out just the cost to the packers.—A. It is not based on the cost. The terms of reference setting up the Bacon Board, as I explained in the statement given previously, is limited to the amount of money we get from the United Kingdom. We get a certain price from the United Kingdom, as I explained previously. That is a flat price. This year it is \$21.75 for A grade. We determine, on a graded basis, the price that will be paid to the packers for different grades and for different weights of bacon. The average cost of that cannot exceed the money we get from the United Kingdom, and we reserve a certain small margin for certain operating expenses such as icing cars at seaboard and test-weighing and so forth. So the amount of money we pay to the packer is determined by the money we have available from funds received from the United Kingdom, less operating expenses.

Q. You have power to control, to some extent, the price the packers pay to the producers, have you not? This reference gave you power to fix minimum prices. Have you ever attempted to do that?—A. As you stated, the terms of reference give the board power to set minimum prices paid by packers for their hogs; and the board has never exercised that authority.

Q. You have not exercised it?—A. We have not, no.

By the Chairman:

Q. In that regard I have a question. I do not know if this comes along with the same thought you have in mind or not, Mr. Senn. But these grades between the various classes of hogs are fixed at so much discount under or over your B-1 hog. What organization has the approval or disapproval of those spreads?—A. You are now speaking of the prices for hogs?

Q. Yes.—A. Paid to the producer?

Q. Yes.—A. Following the conference in about 1922—our hog grading was set up at that time—it was determined to pay a premium for what was known as select hogs. The government assumed some responsibility for seeing that such premium was paid to the producer. In effect, I think it can be stated as being a gentleman's agreement as between the packers and the producers, with the government sitting in as a third party with some responsibility to see that the premium was paid. In so far as the discounts for other grades are concerned—that is, heavies, lights, C-1's and so forth—that is not a matter in which the government or the department have interested themselves. Presumably those discounts or differentials in prices are determined by the trade as between the buyer and the seller.

The CHAIRMAN: Excuse me, Mr. Senn. I do not know if you wanted to ask anything further.

By Mr. Senn:

Q. I am practically through. I should like to ask one more question of Mr. Pearsall if I can think of it at the moment. I have heard of cases just lately where hogs were refused at the abattoirs because they had not sufficient facilities to take them all in at one time. I am going to ask this question. It seems to me

that when the fall comes, and there is a large rush of hogs, we may have difficulty in accommodating them in the abattoirs. Have you made provision for that?—A. I should not like to go so far as to say that we have made provision. But we have been well aware of this situation for some time. Unquestionably there is a very acute labour shortage in the packing plants. We had a similar experience last fall when the heavy hog runs developed. There was a very difficult shortage of labour in the packing plants, but through co-operation with the Labour Department we were able to get men diverted back into the packing plants. That shortage was mainly in western Canada. At that time, since it was late fall, and since a lot of the seasonal labour in the packing plants is, in normal times, secured from the farms, we were able to get labour diverted from the farms back into the packing plants. This spring there was an exodus out again. That was one contributing factor. I am not suggesting that is in any way the major problem of the labour shortage in the packing plants, but it certainly contributed to it. A lot of the men who came in last fall from the farms, particularly in western Canada, went back to the farms, and there has been a serious loss of labour to other essential industries. We have been working on that problem for some time. We have made surveys to have the facts up to date. I am sorry I have not got it with me. A survey was made as of the 1st of May. There was an over-all shortage of something like 1,280 men in the packing plants across Canada. During the subsequent five weeks we were able to get a considerable number of men back into the packing plants, but the types of men we got back—at least who were diverted back in—were unskilled labour; and the real problem is to keep skilled labour in the packing plants. There are two most difficult points. Edmonton is the most difficult point; it has been affected by the drain of labour up to Alaska highway. We have actually had very serious difficulty there. Hogs have had to be shipped from the Peace river down to Winnipeg for slaughtering. They have been able to slaughter them in Edmonton at times, but they have not been able to process them. As a result, we have had to put into storage the product which they are unable to process immediately because of labour shortage. The other point most acutely affected is Hamilton.

Q. That is the reason I am asking the question. Hamilton is in my district, and I have heard of the refusal to accept hogs. The shortage of labour is the only reason for it, is it not?—A. The shortage of labour at the packing plant is the problem. We are working on that just in anticipation of this problem which we foresee this fall, of heavy hog runs and increased cattle runs. Somehow or other the labour has got to be got back into the packing plants to handle this product. We feel that for the time being, in the summer time, with the reduced hog runs, the situation will not become any more acute than it is at the present time; and we hope to be able to make some improvement before fall.

By the Chairman:

Q. What about the shrinks that take place in hogs that cannot be slaughtered immediately? Who stands the loss of that shrink?—A. I am afraid I cannot answer that question specifically. I can give you the over-all policy, though, and it is to this effect. If hogs are not slaughtered within a certain length of time—I think it is forty-eight hours, although I am not sure—or within a specified time after arrival at the packing plants, then a definite percentage is allowed for each day they are held after that. I think the per cent is 1 per cent per day. I wish those figures to be checked before giving them as specific.

Q. Would that same policy apply, for instance, when you might be obliged to ship hogs from Edmonton to Winnipeg because they could not be handled at Edmonton?—A. Very definitely.

Q. They would be allowed the amount to cover shrinkage?—A. Right.

By Mr. Perley:

Q. Would they be weighed before being shipped again?—A. No; because the hogs are settled for on the dressed weight. Therefore you could not weigh them at Edmonton. Whatever the allowance per day is, they would allow it for the extra time in transit and the extra time held.

By the Chairman:

Q. That is added to the dressed weight?—A. Added to the dressed weight.

By Mr. Senn:

Q. Are all the hogs in Canada dealt with on a rail-grading basis?—A. All hogs at inspected packing plants or all hogs that the department grades.

Mr. WARD: Mr. Chairman, Mr. Pearsall stated that the board had or took authority to set minimum prices.

The CHAIRMAN: Speak up, please, Mr. Ward.

Mr. WARD: That is, above the basic price as set or as agreed upon with the British government. You do not ask authority to establish minimum prices below the price at which we have agreed to deliver pork to the British government?

The WITNESS: If I interpret that question correctly, sir, the answer would be this: if the board has not as yet set minimum prices, and if they were to consider setting minimum prices, certainly I would assume that the basis of setting such prices would be on the basis of the export contract with the U.K.

By Mr. Wright:

Q. Are live hogs diverted from western Canada to eastern Canadian plants for killing?—A. Are they diverted?

Q. Suppose the plant in Winnipeg could not handle the run. Could they be diverted to eastern Canadian plants for killing?—A. It would not be desirable. I would not say it could not be done. It would again be a movement somewhat similar to shipping from the Peace river to Winnipeg. It would be highly undesirable, but it might be a way out in case of emergency. It is not a practice that is followed in general trade practice.

By Mr. Blair:

Q. We are frequently asked why it is that prices vary as much as 35 cents a hundredweight here on occasion; and then, the next thing producers will ask us is this, if the hogs are overweight by as much as one pound a deduction of \$2 is made; and they wonder if it would not be reasonable if for the first ten pounds overweight that there be a deduction of \$1 and for anything over that there be a further deduction of \$1. They say that as it is that if it is overweight by as much as one pound a deduction of \$2 is made, and I wonder if that could not be varied a little according to weight?—A. Answering your first question with regard to prices; I do not know whether anybody can satisfactorily explain fully the fluctuation in hog prices; I know I cannot and I haven't found anybody else who can. There are some reasons for it. It is quite true that we have a basic price which may be termed a floor price for export, which puts a floor on your market. On the other hand you have other factors that have an important bearing on your price, and one of the most important factors is your domestic market. The domestic market is relatively more profitable than the export market is today. That is mainly due to the fact that due to the action of the board in arbitrarily reducing supplies on the domestic market you have created an advantageous domestic market; and probably a good example of the influence of the domestic market on your price happened last summer during June and July when hog prices right across Canada, particularly in Ontario, rose very definitely

above what their value was for export to the U.K., owing to the fact that this is the season when your hog run was lightest. The position of the packer at that time was that about 50 per cent of his product was going export and 50 per cent domestic; and as soon as they were making a reasonable profit on the domestic they were able to raise their prices. If you will recall about the end of September or probably the early part of September, our board were faced with the necessity of getting extra bacon for the U.K. and reduced the domestic quota from 75 per cent to 50 per cent. In other words, we forced the packer to put more of the product into the export market and less in the domestic market, and as a result we reduced his earnings in the domestic and increased his losses in the export and hog prices acted unfavourably as a result of the action our board took. What I want to stress is this, that while it is true that we have an export market—an export price—which puts a floor on the market and it is true that a considerable portion of the product goes for export, nevertheless we still have a domestic market which has a considerable influence on price. Probably the other most important factor in price is the volume; and after you consider these two reasons there are also some local factors which come into the price situation which I cannot explain, and I do not think anybody else can. At least, I never heard of anybody else who could.

By Mr. Furniss:

Q. Can you tell us, Mr. Pearsall, if the grading which applies to the slaughter of hogs carries through into the grades which are shipped out?

The CHAIRMAN: Would you mind, Mr. Furniss, if Mr. Pearsall were to finish his answer to the question by Mr. Blair?

Mr. GOLDING: Well, Mr. Chairman, a lot of this information was dealt with on Friday and it is now in our report. I do not think it is fair to ask Mr. Pearsall to go over it all again when we will have it all in our report of Friday's proceedings. If there is something new to be taken up, that is a different matter.

The CHAIRMAN: I realize that these questions to some extent at least were answered on Friday; however, we have two of them before us at this time and perhaps he could deal with them.

The WITNESS: As to the other question asked by Mr. Blair with respect to the discount on hogs of one pound overweight, I attempted to give some answer to that the other day. I think I pointed out that there is considerable latitude allowed with respect to this grading and I think I explained that the select or "A" grade hogs—those running 140 to 170 pounds in carcass weight—sizeable Wiltshires take from 142 to 168—in other words, there is a margin there. There is no discount on any hog up to 185 pounds to-day and that hog is not one pound overweight; it is seventeen pounds overweight actually.

By Mr. McNevin:

Q. Are those dressed weights?—A. It is dressed weights that I am speaking of. The B3 runs 175 to 185 pounds; and there used to be a discount on that B3—it was less of a discount than there was on the heavy hogs, but that was eliminated as an aid in increasing the average weight of hogs; that explains why you have no discount from your select right up to 185 pounds. The only way I can answer that question is that that hog is not one pound overweight—it is from 17 to 18 pounds overweight.

By Mr. McCubbin:

Q. What happens to that hog that is overweight? Where does it go; does it go into the export trade?—A. I explained the other day that we are exporting 75 per cent of our hogs, we are taking hogs up to 185 pounds or more. We are taking every hog that is suitable; I mean, if it passes inspection and unless

they are very seriously damaged in bruising and so forth. All these hogs are going for export—49 per cent bacon is over sizeable weights—and if it were not for these hogs we would have considerably less bacon to export.

Q. Why should the farmer be discriminated against in price?—A. Because the price the packer receives for it is relatively the same price as the packer buys it at. I think I said that the price—

Q. I did not realize that this was dealt with on Friday.—A. I think you will find that in the report.

Mr. McCUBBIN: That is fine. I understand the information is on the record.

The CHAIRMAN: Now for Mr. Furniss' question.

Mr. Furniss:

Q. The question I asked was, does the same grading as is given to slaughtered hogs carry through to the time when they are shipped out?—A. No, sir. I dealt with that somewhat briefly the other day and explained that on the export basis there are actually 30 different grades and classifications and in our carcass grades for hogs they are much less; and it would be extremely difficult to set up a system for the same grades to apply both ways. In other words, there would be so many grades I think it would be entirely unmanageable. On the other hand, I realize that there is always the question of what happens to these hogs afterwards.

By the Chairman:

Q. You say that there are thirty export classifications?—A. Weights, grades and prices.

Q. You are only selling two grades of bacon under the present arrangement, are you not?—A. Right.

Q. How do you fit in all these classifications into two grades of bacon?—A. I said at the outset that the United Kingdom buys all A grade at a price of \$21.75, but we have endeavoured to maintain in purchasing from packers approximately the same grades and approximately the same discounts and premiums as prevailed in the normal market pre-war. In other words, we pay the highest price for A grade number 1—sizeable from 55 and 65 pounds—we pay them a price for that which is higher than the contract price, and for the heavier weights, and for the hogs under B grade we pay them relatively lower prices. The normal differential between A1 and 2 in peacetime was 2 shillings, and our differential between A1 and 2 is 40 cents.

By Mr. Senn:

Q. Are you sending any boxed cuts?—A. Yes.

Q. What is the price for those?—A. They are all set forth in the prices I tabled and they are comparable to the Wiltshires—heavy hams, heavy gammons and heavy fores.

By the Chairman:

Q. Does the British consumer have these 30 different grades put in front of him now to purchase from?—A. No. One of the reasons why the U.K. desire to purchase on a flat basis in wartime and under war conditions is because of rationing. They apparently do not wish the consumer to know whether he is getting grade A or grade B bacon and they have asked us to take all marks off our product so that the housewife over there will have no way of knowing what grade of bacon she is actually getting; naturally she wants to buy the best and as they cannot supply the best to everyone, they do not wish to have it distinguished in any way.

Q. Before the war did we have several grades of bacon for shipment to Great Britain?—A. Yes, exactly the same as it is being shipped now. We are

following peacetime procedure in shipping bacon with respect to shipping, packing and grading the product.

By Mr. Evans:

Q. I think you stated the other day that you were using a new type of cure. Is it an improvement on the old cure, does it take more salt?—A. We step up the salt content slightly, we had to for reasons of preservation. We have also had to resort to adding a slight dusting, a small application of borax on it.

Q. Does that help to keep it?—A. Yes.

Q. I think you said with respect to rejects that most of them were charged back to the packer; I wonder if you could give us any idea of the volume of rejects, what percentage?—A. It is very small. I do not know that I have any definite information on that. I may be able to get something on that for you.

By Mr. Perley:

Q. Can you give us something as to the volume the packers carry in storage for their own account? Do they increase their storage in order to take advantage of price in any way; that is, do they place in storage pork bought on a low market and on a heavy run and take advantage of letting it remain in store until the product is short on the market?—A. The packer cannot store to his own account. Every week we instruct the packer whether to put bacon into cure or put it into storage. If he is instructed to put it into storage it is paid for at the price prevailing on the date in store and we assume the charges from that day forward.

Q. What would be the amount say in a month like July—perhaps that is not a good month to take—what amount is in storage on the average?—A. In July we would be fairly well cleaned out of storage. We would be perhaps withdrawing. The normal procedure of operating is to put your product in storage during October, November and December, that is during the heavy fall run months and in that way reduce your shipments to the level required and carry that product through to level out your shipments during July, August and September. We will probably start withdrawing products from the freezer about the end of next week. And now, the only modification of this program is that we run into periods even when we are getting lots of hogs when there is a lack of shipping space. Then probably a month later a big convoy will come in and they will ask for heavy quantities which we will have to withdraw and put it in cure and have it available for those ships; but apart from those movements caused by shipping, the normal procedure is to store in the fall and take it out in the summer.

Q. The packer cannot store it to his own account?—A. Not for export.

By Mr. Wright:

Q. Have you any difficulty in obtaining enough storage space at any time?—A. Not recently, it has never been really serious.

Q. You do not anticipate any troubles next fall?—A. I would not go so far as to say that. We have been very fortunate in our storage because as you probably know there has been a very limited quantity of other produce; as a matter of fact, there was a scarcity of butter, very little butter in storage, and very little beef throughout the country, and our whole storage situation was improved because of those facts.

By Mr. McCubbin:

Q. You have not given us the figures of last year's operations as to what percentage of Canadian hogs were exported to Britain and what were used for domestic purposes; and, was there any exported to any other country?—A. I put the figures as to export on the record; if I remember correctly I think it was

about 75 per cent export last year and 25 per cent domestic. As far as shipments to other countries are concerned the only exports we make are in the way of definite commitments that have been approved and are assumed to be Canada's obligation. We are looking after certain interests of the British West Indies and a certain amount for Newfoundland; and of course, we are looking after the Alaska Highway—that is not export but it is a condition arranged.

Q. In connection with the method used in weighing carcasses, is there any adjustment that would take care of the producers' interest as far as the edible portion of the "innards" is concerned, such as the liver and the heart; I do not believe that is weighed with the carcass?—A. It is not.

Q. Is there any adjustment there that would protect the producers' interest, because there is an edible portion of the "innards" of every hog that is used for export, I believe, and for domestic consumption.

The CHAIRMAN: It is all used for something.

The WITNESS: The reason that these portions that you have referred to are not included in the carcass is that they are removed with the offal. If you are going to weigh them with the carcass they will have to be cut off and hung on each carcass as it goes by; therefore it is not practical to weigh them with the carcass. On the other hand, assuming that it were practical to weigh them with the carcass when you have the heart, the liver and the kidneys on the carcasses, the net result would be instead of having a carcass weighing 150 pounds you would have one weighing 155 pounds and what would actually happen would be there would be a slightly lower price paid for it; in other words, the price being paid now takes into consideration and allows for that extra value in the portion not weighed with the carcass.

By Mr. McNevin:

Q. In the long run I am of the opinion that the producers' interest would be better protected if there were an allowance of weight with the carcass for the edible portion of the "innards" and let the price adjust itself accordingly, rather than just consider that the price is high enough to take care of that discrepancy. I may be mistaken, but that is my view.—A. Your suggestion would be that probably an allowance of 3, 4 or 5 pounds be added to the carcass?

Q. Yes.—A. There might be some merit in that suggestion; the reason I stated it is not practical to do that is it is removed from the carcass before it is weighed.

Q. Of course, I am not suggesting with the additional labour and time involved in a system of individual weighing that the "innards" of every carcass should be weighed, but I do think a fair estimate of the weight could be made and that it should be added to each carcass. My opinion is when hogs are scarce and you are looking for them to the extent that you are, the price might work to the advantage of the producer.

By Mr. Perley:

Q. Have you a contract with the British for the offals, the kidneys, liver and so on?—A. We have a contract for—

Q.—the heart?—A. Liver, kidneys and tongues, but there is no specified quantity of tongues. I have forgotten the quantity—

Q. How much did you ship, for instance, last year, and do you contemplate to ship the same this year?

By Mr. Donnelly:

Q. Can you tell the committee whether the production of hogs has gone up in England in the last three, four or five years; we are told that England has doubled her agricultural products since the war began; is it true in so far as hogs are concerned as well?—A. I cannot give you specific information, but

the general information we have is this, that in so far as hogs are concerned there has been a very, very definite reduction in the hog production because of the lack of feed. They have concentrated their production on cereals and vegetables and they have concentrated, for example, what feed they had available for live stock, especially dairy cattle. The No. 1 preference would be given to dairy cattle for the purpose of producing milk, which cannot be imported. Undoubtedly there is no question there is a very sharp reduction in hog production, and a considerable proportion of the hogs they have produced are put into the fresh meat trade rather than into bacon production.

Q. We have been told they have increased the agricultural production 32 per cent, from 1938 and now up to 70 per cent.—A. I am afraid I cannot answer that question on the general agricultural production. Now, with regard to Mr. Perley's question on pork offals, in the 1941 contract we shipped 12,689,924 pounds; in the 1942 contract we shipped 10,646,923 pounds, and our contract for this year is, liver 12,096,000 pounds, kidneys 2,016,000 pounds, or a total of 14,112,000 pounds.

By the Chairman:

Q. Have you the value of those?—A. The value for the 1940-41 contract is \$1,286,749.49; the value for the 1941-42 contract \$1,123,452.38.

By Mr. Perley:

Q. An average of about 11 cents a pound?—A. Yes. The contract price this year for liver is 11¾ cents, \$11.75 a hundred, Canadian seaboard; kidneys \$12.15 a hundred. The liver price is slightly higher than last year and the kidney price is the same.

By the Chairman:

Q. Just in connection with the question Mr. McNevin is asking—

Mr. GOLDING: Just in connection with that, I think Mr. Pearsall gave us last week an example to show that the packer would actually lose money on the price he received on the British contract, the price the British paid for the hogs, if he did not have these offals to make up the difference.

By Mr. Golding:

Q. You spoke about that at our last meeting; you remember you spoke about that?—A. Yes.

Q. That is on the record, so we do not need to repeat it.

By Mr. McCubbin:

Q. Do you think the packer ever loses money?—A. I do not know.

By Mr. Perley:

Q. Mr. Pearsall, what percentage of the offals goes into export?—A. What percentage of the total offal production goes into export?

Q. Yes.—A. Oh, probably about 45 per cent.

Q. That is a pretty high percentage.

By the Chairman:

Q. The offal exported is 45 per cent of the Canadian production of offal?

By Mr. Perley:

Q. What percentage of the offal of the hog goes into export?—A. About 45 per cent.

The CHAIRMAN: If I understand the question correctly, you mean what percentage of the total export of bacon to Great Britain is offal?

Mr. PERLEY: No, what percentage of the total offal goes into export.

By Mr. McNevin:

Q. If we approximately double the figure given as the value we would have an approximate value of the total portion of the offals in Canada. Before you proceed further, what would be the approximate weight of a heart, of a liver, of a kidney and of a tongue?—A. I am afraid I have not got the weight of the heart, the tongue is about 1 pound, the kidney is $\frac{5}{8}$ of a pound, and we have a lot of amusement over the liver. We always assumed there were about $3\frac{1}{2}$ pounds—we always used that figure—but recently, under this contract when we required the packer to deliver $3\frac{1}{2}$ pounds of liver for every pig he killed, he undertook to prove to us they could not get that, so we have just completed running some very extensive tests on the average weight of liver, and we found some very interesting information. Apparently there is no relationship between the size and the weight of the hog and the weight of the liver; in other words, you will get from a hog weighing just 200 pounds a liver weighing 2 pounds 6 ounces, and a very heavy liver from a lighter hog. We have so far sufficient evidence to suggest that probably the weight of the liver in eastern Canada is greater than western Canada. I do not know whether that is due to the type of water they drink or what. We have come to the conclusion that the average weight of the liver is probably about 3.15 pounds.

Mr. SENN: They have more gall out there.

By the Chairman:

Q. In regard to these other contracts you mentioned a moment ago, where you are shipping pork products to Newfoundland and certain other places you mentioned, are they included in the British agreement?—A. No.

Q. That is over and above?—A. Over and above.

Q. What you are shipping on the British contract?—A. Yes.

By Mr. McCubbin:

Q. What do the packers get on these contracts?—A. It is purely a matter of private negotiation. I should modify that statement to this extent—I do not know the exact percentage, but certainly the bulk of our meat exports to Newfoundland are going to the armed forces; they are all purchased by the Department of Munitions and Supply, which will be the same as others purchased here under the ceiling price, but in so far as the normal exports are concerned, they represent private trade.

By the Chairman:

Q. If you found yourself running short on the British agreement would you interfere with the private transactions that you mentioned in order to keep up your British undertaking?—A. No; that matter has been cleared up with the Combined Food Board. As a matter of fact this whole question of the allocation of meats has been cleared and somebody has got to look after B.W.I., and we have. That has been allocated as one of Canada's obligations and the United Kingdom have agreed to that.

By Mr. McCubbin:

Q. Does the Alaska highway come in there?—A. Yes.

Q. How do the packers sell to Alaska highway?—A. It is somewhat vague; there are a variety of methods because there is a variety in the type of contractors. You have the United States engineers and the private contractors, and also all purchases for United States troops in Canada are made by Munitions and Supply; they do not buy themselves. And then recently they have set up in Edmonton a government company, I think it is the Northwest Purchasing company; the objective is that all these purchases for not only the United States engineers but for all the contractors on the Alaskan highway

will be made through them. That company is a subsidiary of Munitions and Supply. I cannot give you the details, but up until recently all purchases were made by private contractors—they simply went out and purchased it.

Q. Do you have any control over these prices?—A. That would be a matter that would come within the jurisdiction of the Wartime Prices and Trade Board.

By Mr. Wright:

Q. Do the Canadian military authorities buy their meat supplies from the packing plants?—A. They are bought from the packing plants, but the Department of Munitions and Supply do the purchasing.

By Mr. Senn:

Q. You spoke about the domestic demand being a factor in causing fluctuation in prices. If I read the regulations correctly, your board has all the authority in the amount that is exported, and as I understand it, the Wartime Prices and Trade Board have responsibility for determining the domestic demand and consumption. Do you ever run into conflict with them over your arrangements as to export or how do you get along and determine— —A. You are referring to the relation of the domestic and export prices or of supplies?

Q. Supplies.—A. In so far as supplies are concerned the general arrangement is that we arrange for our exports and they take the residual quantity and distribute it in the domestic market.

Q. I understood from the regulations setting up the Wartime Prices and Trade Board and also from Mr. Ilsley's statement that they have the responsibility of determining domestic requirements?—A. They have the responsibility, shall we say, of assuring adequate supplies for civilian population, but the general over-all principle is that in as far as bacon is concerned, for example, we endeavour to secure our export commitments and if the domestic market is left short of the normal requirements on pork that is made up by another class of meat such as beef.

Q. You have the first say?—A. We have the first call.

MR. FAIR: What is the approximate percentage of product that is exported?

THE CHAIRMAN: I think that was placed on the record the other day.

THE WITNESS: Yes.

THE CHAIRMAN: I wanted to interject one question here. I do not know whether this is the place to do it or not, but my thought was with respect to the competition we will meet in the British market after the close of the war and our position in relation to bacon that may come from Denmark again. Could you tell the committee how Danish bacon is sold on the British market? Do they have these large number of grades such as we have or do they concentrate upon a more standardized product?

THE WITNESS: They have provision—let me put it this way, if they were exporting bacon with the wide variety and quality that we are they would have to conform to the same grading and selection. As a matter of fact, though, in actual practice, after the quotas were applied by the United Kingdom the Danish people restricted their export to the United Kingdom to nothing but sizable weights of No. 1 and No. 2 selection. I recall being in Denmark in 1937 and being in a packing plant and seeing a carcass with a stamp on it and set to one side, and I asked the significance of that and they told me in this particular plant, which was one of the co-operatives, that this carcass was two or three pounds overweight and the only disposition that was permitted was that the farmer was to take it home and he was not allowed to sell it, he had to eat it. They were not permitted to trade it at all. That is how restrictive they were. They insisted that nothing but No. 1 product could go to the United Kingdom.

By Mr. McCubbin:

Q. Do they feed hogs in Denmark the same as we do here?—A. There might be some slight variation in their housing methods, but fundamentally they are the same. Our hogs probably get more exercise.

Q. How do they get that splendid grade; do they use the same mixed feeds?—A. Yes, they have the same general type of feeds we have.

By Mr. Blair:

Q. Do they cure their hog products the same way as we do?—A. Again I cannot answer that question. The same principles should apply, but what their formula is I do not know. Probably there is some difference in it. We have to transport bacon 7,000 miles from Edmonton to the United Kingdom and it takes more than two weeks to get there ordinarily whereas they can land their bacon in the United Kingdom in three days.

By Mr. Wright:

Q. Before the war they had a more uniform cure in Denmark than in Canada. We had several different firms exporting bacon and each one had its own particular cure while in Denmark the great percentage of bacon was cured by the co-operatives, and there was a uniform cure.—A. I think probably that is a quite valid statement.

By Mr. Perley:

Q. They had a uniform hog which they specialized in had they not?—A. Yes, for a number of years they had concentrated on the improvement and the development of the Landrace pig and they had a good product.

Mr. PERLEY: Dr. Blair will recall the discussion we had in the house.

The CHAIRMAN: The reason I interjected this question was that I think the ordinary housewife does not differentiate between the grades of bacon that are coming from a country. The natural thing to do would be to recognize it as Canadian bacon or Danish bacon or some other kind of bacon. I think it would be to our advantage to get back to the position of having a standard product—1, 2 or possibly 3 grades—and sell it on that basis rather than have the market cluttered up with several grades. That is the point I see in the picture. We have had many more grades than that; at least we have had in the past.

By Mr. Blair:

Q. Have you a circular to educate farmers how pigs should be fed so as to save grain, such as feeding them on alfalfa and rape and all that sort of thing?—A. I cannot answer that, but the Production Service or the Experimental Farm I am quite sure would know.

Q. It would be nice to have that information.

By Mr. Golding:

Q. Could you give approximately, now, what the prevailing price was when the Danish bacon was taken off the market when Denmark was invaded—the difference between the Canadian price and the Danish price and the price of Irish bacon and Swedish bacon?—A. I would not care to do that from memory, but roughly Canadian bacon was selling at about 4 shillings below Danish terribly butchered bacon you ever saw—when you looked at it you wondered why it was topping the British market at all times. Baltic bacon—some of it—was selling slightly above ours and some was slightly below—probably 1 or bacon and Irish bacon which for some unknown reason was probably the most 2 shillings.

By Mr. Evans:

Q. Do you think that the change made in your cure will affect your market after the war?—A. We naturally hope it will have some benefits. I want to make this clear that most of the companies that were regular exporters and had, through experience, found out how they should cure this bacon and what the United Kingdom people liked, were putting a very finely cured product on the other side; but we have a lot of new companies coming into the business who have not had that experience, and without casting any reflection on their initial effort, nevertheless it is not as good as it might have been. But, we have, I think, made a definite improvement there.

By Mr. Hatfield:

Q. How many grades have you for export?—A. Thirty.

Q. What is the idea of that large number?—A. That is the normal trade. That is the way you have to ship it if you want to ship it in peace time; you have no choice.

By Mr. Fair:

Q. I was wondering whether there is any check on the grades exported or sold by the packers as compared with the grades which they have purchased on the market or from the farmers?

The CHAIRMAN: Mr. Pearsall placed on the record the last day he was here the method we have followed in checking the export grades which, I think, were generally marked down as quite adequate to assure that the product would be delivered there up to a high standard, and if it was not up to that standard it was sent back to the packing house and the company lost on it.

By Mr. Fair:

Q. Does the producer get what is coming to him, or is there a little too much left for the packer?—A. The difference between export grades and carcass grades, do you mean?

Q. Yes.—A. Again I can only reiterate what I said before, and that is that except in a very general way there is no relationship between our export grades and our carcass grades. In other words, when we have thirty export grades and only probably four grades from which to draw hogs for export naturally they cannot be co-related.

By Mr. Donnelly:

Q. Do the same government men do the export bacon grading who do the carcass grading?—A. No, the export grading is done by the packer. There is no grader. But that grading is checked at the Canadian seaboard.

Mr. EVAN: Is that done by the government?

The WITNESS: Yes, it is done by the government. I explained the other day that they check 5 per cent of all the bales. If there is one bale found with one carcass that is not correctly graded or incorrectly selected they open another ten bales and they are assessed whatever percentage of error there is on the whole car.

By Mr. Blair:

Q. How long after a hog is killed does it require to cure it before it is fit to be eaten?—A. Are you speaking of export?

Q. Any hog.—A. Domestic cures vary anything from four days up to one month and a half.

Q. Do some countries do curing during transportation—South American countries—have they curing processes on the boat so that after a boat leaves a place the curing continues to avoid, as you say, the decrease in value?—A. I am

not aware that there is any cured on the ships from South America; at least very small quantities.

Q. From the Argentine?—A. There may be some. Of course, in our own practice our bacon is cured six or seven days and that curing process continues right up until the time the product is put into a butcher shop, unless you control the temperature down to 16 or 18 degrees, which cannot be done; therefore, there is a continual development to your cure all the time the product is in transit. You cannot avoid that unless you control your temperature.

By Mr. Leger:

Q. I wonder if Mr. Pearsall could give us the system used with regard to beef? I believe that half the questions answered this afternoon were answered on Friday. We had a lot of discussion on pork then, and maybe we should have some information with regard to beef.

The CHAIRMAN: What do you want to know particularly?

Mr. LEGER: The system used, and also something with regard to the killing of beef at the present time.

By Mr. Fair:

Q. Before leaving the pork question I should like to know if there is any particular waste by spoilage through ineffective curing in the plants? I have heard some complaints about this and I was wondering what the percentage of waste is on that account?—A. I would say there was definitely no waste through curing. They have had some unavoidably due to delays in transit where a product has been five or six weeks standing before it has been loaded at the seaboard, which is beyond anybody's control, and where they have had to reject product. There has been no rejection where you could place the onus for faulty curing on the packer.

Q. You believe that the cure is quite satisfactory?—A. It is the standard cure which we have set up as the best cure that can be devised with out present knowledge.

The CHAIRMAN: Was this cure developed by the government service or was it used by the packing houses?

The WITNESS: It was developed by a committee on which there was a group of technical men from the packing plants, Dr. Cook of the National Research Council, who has done a tremendous amount of work on curing and refrigeration of bacon, and two men whose names I have forgotten for the moment from the Bacteriological Division at the Experimental Farm. In other words, we enlisted the best advice we could get from all government research bodies and also the practical knowledge that the packing plants have.

The CHAIRMAN: Was that work carried on through the National Research Council?

The WITNESS: No. We requested the packing plants to file their cure and then Dr. Cook made a trip across Canada, and I will say he visited every packing plant but at least, he visited a large number of them—and following that we had several meetings, and as a result of those meetings they got this cure.

By Mr. Wright:

Q. I was going to ask if it is the department's belief that it would be advisable to retain this standard cure on Canadian bacon after the war so as to retain our market?—A. I could not answer for the market but, personally, I very definitely think so.

By Mr. Fair:

Q. On Friday last Mr. Pearsall gave us some of the reasons for the fluctuation in price on the market. Personally, I am not quite satisfied with that, and I

was wondering if he could give us any further information along that line, because there is considerable kick from a number of producers as to the fluctuation in prices to the producer when the packer is guaranteed a standard price at the seaboard.

The CHAIRMAN: Mr. Fair, that question was asked to-day before you came in and that information is already on the record.

Mr. FAIR: I am sorry.

The CHAIRMAN: Whether the information is complete or not remains to be seen.

By Mr. McNevin:

Q. Before we leave the matter of these thirty classifications of bacon, I wondered if that applied to the hog carcass or if that includes hams, gammons and all hog products, or if they were thirty definite classifications of what is commonly termed bacon by the Bacon Board.—A. Yes. In the price list which was filed in the meeting the other day you will find the grades and weights set forth for thirty different grades, selections and weights of Wiltshires. In addition, you have the price for hams. I think there are three different ones.

By Mr. Blair:

Q. Many of the farmers cure their own bacon. Could you not put on record what curing process is used by the Canada Packers or the department?—A. The cure that we use for export would not be at all suitable for domestic cure. As a matter of fact, speaking of what is known as Wiltshire cure, I doubt very much if very many Canadians relish it.

Q. Could you not give us the cure used for domestic purposes? That is what they most desire.—A. I think our department have bulletins and information with respect to home curing. As a matter of fact, we have not available any information with respect to packers' domestic cures.

By the Chairman:

Q. That is a private feature of their own business which, I suppose, they would be reluctant to disclose to their competitors, in any event?—A. They think so.

The CHAIRMAN: If there are no more questions with respect to bacon, could we proceed?

By Mr. McCuaig:

Q. If bacon is rejected for export due to transportation, is that bacon sent back to the manufacturer, or to the packing plant?—A. It all depends what the condition of the product is. We had occasion to reject a car about two weeks ago which, in the opinion of the tribunal, would not have arrived in the old country in satisfactory condition. Under the necessity of getting maximum quantities for export, that car went back to Montreal; the product was re-washed and re-cured for forty-eight hours, re-packed and re-shipped. We have done that on several occasions.

Q. Is that sent back to the same packing plant?—A. No. We send it to the nearest packer to seaboard.

Q. Is it not the responsibility of the packing plant if there is delay in shipment?—A. No; because that is beyond their control.

The CHAIRMAN: If there are no further questions with respect to bacon, can we let Mr. Pearsall stand down for a moment? Mr. Hamer is here, and perhaps he will deal with policy in that regard. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: We will not release Mr. Pearsall. We will ask him to stay. Perhaps we will have some further general questions to ask him later on.

Mr. Hamer, gentlemen, is director of production services in the Department of Agriculture, and he is probably as well posted on matters with respect to beef as any one we could get.

Mr. LEGER: He is concerned with the production of what?

The CHAIRMAN: Of beef. I suggested that he come over here this afternoon to outline the policy that is being pursued with regard to beef and answer any questions that he can which the committee might wish to ask. If that is agreeable, I would ask Mr. Hamer to outline generally what the developments are with respect to beef.

Mr. R. S. HAMER, Director of Production Services, Department of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen, I think possibly the reason that my name has been suggested to deal with beef is as a result of a carry-over of my former position in the department some years ago when I had more to do, perhaps, than anybody else in the department, with beef and cattle questions. More recently, as director of production services, and as a member of some of our departmental boards, I have—particularly during the last year—been pretty much in the centre of discussions that have taken place on the beef question.

It is unnecessary for me to refer here, Mr. Chairman, to the fact that the last year has been a distinctly unsettling one to beef producers. The industry has been disturbed in a way that a lot of us hoped would not be necessary under war conditions; and perhaps it was only natural that this disturbance should result in a good deal of discussion and in some controversy. This situation has been in great contrast to the first two and a half years of the war, during which the beef industry was the only major agricultural industry from which no complaints were received—by the department, anywhere—in regard to what we might call the impact of the war on the industry. But during the past eighteen months, due to the rapidity with which the supply position in so many of our agricultural products has changed and has transformed—and this applies particularly to our meat products—the beef industry was brought right into the centre of the whole regulatory procedure that had to be followed. That the series of controls which were established over marketing of cattle and over the distribution and consumption of beef precipitated so much discussion and controversy, was due largely to the fact that no such controls could be effective without seriously disturbing the cornerstone of the beef cattle industry—access to the United States market. The reason I refer to this is not because I want to go into it in detail, but merely to mention that in the process of months, as producers became more familiar with the reasons for these controls, and with the manner in which they were being applied, there has been very general acceptance of them—perhaps a reluctant acceptance but not a grudging acceptance. Unfortunately, in the process of arriving at this position, there has been a great deal of comment, more particularly public comment in the press, most of it, no doubt, with the best of intentions, but in many cases based on incomplete information, that has been bad publicity for the industry. The impression has been given that during the past year an acute shortage of beef has developed, especially in Eastern Canada in the larger cities such as Toronto, Ottawa and Montreal. Moreover, it has been implied that producers were rather callously allowing this condition to continue by withholding cattle from market in the hope of raising prices and thereby increasing their individual profits.

In the department we have tried to dispel some of the misconceptions upon which such comment has been based. We have tried to make it clear, as we have had the opportunity—both in press releases, press statements and as

members of the department have had occasion to address public meetings—that any scarcity of beef in the past twelve or eighteen months has not been due to any falling off or any lag in production, but has been due to the fact that requirements of meats generally have expanded more rapidly than production could keep pace with them.

The factors that have been responsible for this expansion in requirements I know are very familiar to the members of the committee. Briefly, they might be summarized under three headings: (1) the increase in purchasing power of our civilian population; (2) the fact that in order to provide rations for the men in the armed forces in Canada more meat is necessary than the same men would normally consume as civilians; (3) consumer substitution of beef for pork products requisitioned to fill heavy commitments of bacon to the United Kingdom. The cumulative effect of all of these three factors began first to be felt in 1941. By 1942 we had reached a place where we had actually no exportable surplus of cattle during the last six months. Without discounting the importance of the first two of these factors—that is, increased purchasing power and military supplies—I think it is not out of the way to claim that the major factor has been the substitution of beef for pork to fill that vacuum that has been created by heavy exports of bacon to the United Kingdom.

When I was here on Friday I noticed that Mr. Pearsall referred to the fact that the United Kingdom is now getting 85 per cent of her bacon requirements from Canada. In relation to our total tonnage of inspected meats of all kinds—beef, pork, lamb and veal—this quantity of bacon represented about 37 per cent of our total inspected meats processed in this country in 1942. That I think makes it apparent why there has been such a strain put on our beef supplies. The vacuum resulting from heavy imports of bacon has had to be filled.

Turning for a moment to the supply position I might mention that in 1942 our total tonnage of inspected meats was, roughly, 429,000,000 pounds. This represented an increase of 46 per cent over the five-year average, 1936-1940. You will notice there is one war year included in that average. That indicates the extent to which our meat production has been stepped up in this country under war conditions—a 46 per cent increase in 1942 over the five-year average, 1936-1940.

By the Chairman:

Q. When you mention meat production, what do you include as meat in those figures?—A. All pork products, beef, veal, mutton and lamb.

Q. Not poultry?—A. No, not poultry. I might mention in passing that even that tremendous output of meat that we had in 1942 would not supply more than 85 per cent of our requirements this year if there were no rationing and consumer demand was free to function without limit with respect to pork products. In 1941 our inspected slaughterings of beef were the largest on record, both in respect of numbers and tonnage. In 1942 it is true we fell down some 34,000 in number, but owing to the increased yield the total tonnage of beef made available last year was 17,000,000 pounds in excess of that of 1941. In other words, with fewer cattle by 34,000, we had 17,000,000 pounds more beef. Last November was an all-time record, as a monthly figure, for inspected numbers and tonnage of beef. In fact since last October there has been only one month, January, in which inspected slaughtering of cattle fell materially below the figures of a year ago.

By Mr. Wright:

Q. Have you any figures as to what portion of the total amount of the beef killed in Canada is inspected?—A. That is a question which is quite pertinent and it is one which cannot be answered very definitely. We have tried to arrive at an answer based on an analysis of hide figures, which is also

not an easy thing to do with complete accuracy. On the basis of that kind of compilation—the 1941 hide figures—it would indicate that 68 per cent of our cattle were killed under inspection and the other 32 per cent were either locally slaughtered or farm slaughtered. I think that is about as close a figure as we can come to.

Q. Has that percentage increased or decreased?—A. Our impression would be that in 1942 there was a material increase in the non-inspected. There was a diversion from what we call commercial channels to what we are in the habit of referring to as non-commercial channels. The extent to which in 1942 the inspected percentage was lower and the non-inspected higher than in 1941 has been variously estimated.

By the end of May of this year our tonnage figures on inspected beef were above those of the first five months of last year, and by the end of this month we will be above the first six months of last year not only in tonnage but also in numbers. It is clear, therefore, that despite the degree to which the statistical record for the past twelve months is incomplete, due to the diversion to non-inspected channels referred to by a member of the Committee, the output or disappearance of beef has been much higher not only during the past six months, but for the whole twelve-month period, than during the corresponding period a year ago.

It is in view of the strain that is being put on the whole meat supply in meeting expanding requirements that rationing and some control of slaughter has been found desirable and necessary. Another reason of course has been the increasing necessity of viewing the total food resources of the North American continent from the standpoint of the joint need of the United Nations. The extent to which rationing and control of slaughter may change the statistical picture is yet to be determined. Theoretically we would expect there would be some redirection back to the commercial channels. If that should happen in the case of hogs, it will certainly facilitate filling the bacon contract on time. If it should happen in the case of cattle it might be expected to create a surplus in excess of what may be needed in our own country for our Canadian people.

It is obvious that with the exportation of live cattle under close control and with the market here operating under ceiling control, periodic surplus marketings of cattle could easily result in rapid and even serious recessions in cattle prices. To provide protection against the development of such a situation, arrangements have been made with which the Committee are familiar and which I think it is unnecessary for me to outline in detail. As the Committee are aware, the Bacon Board has been reconstituted as a Meat Board, and has been given authority to provide support to the market if and when required. This support will be given through the purchase by the Board of dressed beef when supplies are in excess of immediate Canadian military and civilian requirements. The purchase of live cattle by the Board is not contemplated. The prices at which the Board has been authorized to purchase beef at different seasons of the year will provide a floor to the beef and cattle price structure.

There are four points in the mechanics of procedure that are of primary interest to the producer. These have been dealt with in press releases, they have been dealt with by the Minister in the house and have been the subject of some discussion. The first point is that the beef ceiling throughout the whole twelve months period as now established will be a flat one, at the level it was reached on May 27.

By Mr. Evans:

Q. What is that price?—A. Basis Toronto, 19½ cents for the commercial quality—on a defatted basis the price would be 20 cents.

It is apparent that with the prompt clearing of any surplus beef, cattle should sell at a price equivalent to the ceiling except at times when there is an over supply. Until August 16 the board has been authorized to give

support to the market by purchasing of beef at a level 25 cents below the ceiling. This means that support will be maintained practically at the ceiling level until August 16. On August 16 there will be a drop of three-quarters of a cent in the support price and on September 18 there will be a further drop of one and a quarter cents.

By the Chairman:

Q. That is on the carcass?—A. On the carcass.

By Mr. Evans:

Q. That would reflect back on live cattle, would it not?—A. It will, when there are more cattle on the market than can be absorbed at ceiling prices, but it is the expectation that the purchasing of beef by the Meat Board will prevent cattle prices going below the equivalent of wholesale beef floor prices at which such purchases are made. During the late summer and fall months and until the following April, the floor price will follow what might be termed a normal seasonal cycle. Normally, on an open market cattle prices go down during the summer and early fall, and then gradually rise until they reach their peak somewhere in the following April, May or June. In contrast with the procedure followed a year ago, however, the market will not be forced down this fall by a decline in ceiling price. As already stated, the ceiling will remain a flat one, and prices should not go down to the equivalent of the floor price on beef except at times when the market is over-supplied. In other words, there will be an opportunity this year for cattle to sell at the ceiling at any time that the market is not over-supplied.

By Mr. Wright:

Q. What is the total fluctuation allowed?—A. The total from the ceiling to the floor at the lowest point of the floor is $2\frac{1}{4}$ cents. The meat board will give support at 25 cents below the ceiling up to the middle of August and then there is a drop in the middle of August to a cent below the ceiling and a further drop of one and one quarter cents in the middle of September.

Q. That is on carcass prices?—A. On wholesale carcass prices.

By Mr. Black:

Q. It would not be as much as that on live weights?—A. No, it would not be a full cent on live weights. Now, this means that from September 20th until April 24th next year there is no reason why cattle should sell for less than they did during the past comparable period except to the degree that they may at times during the past year have been above what might be considered a commercial relationship to wholesale beef ceilings. No doubt, it is generally understood by the committee that any beef that is secured by the meat board will constitute what is sometimes termed a stock pile. It will be stored in frozen form. This stockpile will be drawn on as required to meet Canadian military and civilian requirements in periods of under-supplies of fresh beef. Any beef that can be spared from it will be shipped to the United Kingdom under arrangements which are under negotiation at the present time.

By Mr. Evans:

What is the relationship of price between the ceiling price on beef and the price of live cattle, particularly in its relation to the United States market?—A. I knew I would not get very far before I came to that question, Mr. Chairman. Frankly, I prefer not to put on record any figures, for the reason, as will be fully realized by cattlemen on the Committee, that prices which can be paid for live cattle, to be in line with beef at a stated price, depend on the dressing percentage of the cattle and upon another factor which is not a static one—the allowance for killing credits. Without quoting a definite figure, I can put

it in this way, if you will permit me to; that at the present price of beef, a 1 per cent increase in the dressing percentage should add about 20 cents per cwt. to the live price. Killing credits, which are usually applied on the basis of so many cents per cwt. dressed beef, vary in the case of cattle dressing 55 per cent by approximately 28 cents per cwt. live weight, for each 50 cents increase per cwt. for killing credits. With such a wide range in equivalent live prices, it is hardly safe to quote one, and it is sometimes unwise to do so at a public meeting for two reasons. Any figure that is quoted, no matter how carefully it is tied in with a specified dressing percentage, is apt to register in the minds of many people, and might be used on the one hand by buyers in the effort to buy below their value cattle that are worth more. Conversely it may register in the mind of producer as the price he is entitled to get on cattle which on the basis of their dressing percentage are not worth that much. These are the reasons why I always hesitate to put a figure on record. Another reason is that at the present time we are looking very closely into the question of what is a proper allowance for killing credits.

Q. Would not the rail grading of beef help establish that price?—A. On the basis on which beef will be purchased by the Board it will practically amount to that; it will be rail grading in a sense, although not rail grading in a strict sense—

Q. I suppose you are familiar with the report which came out in connection with the investigation into the beef situation in British Columbia?—A. As the chairman of that committee, I should be. •

Q. Yes, I was basing my question largely on what you stated in that report.—A. Well, one significant thing that you no doubt realize, if you have read the report as I assume you must have, is what it disclosed; and it has never been disputed that normally cattle arrive on the packers' rail with about the same cost against them irrespective of quality, and the differential that is paid live weight represents the difference in dressing percentage rather than any difference in quality. That to me is the most significant thing to the producer that was brought out in that report.

Aside from that I will leave the question of these controls to be dealt with in more detail, if it is the desire of the committee, by Mr. Pearsall who will be the manager of the meat board as he has been manager of the Bacon Board.

It might be worthwhile, Mr. Chairman, for me to refer briefly to what might be called the departmental policy in regard to the wartime production of beef. It is evident that for the duration of the war producers have been assured of an outlet for all the beef cattle they are able to market. This fact has resulted in the question being raised in some quarters as to why the government programs to expand cattle numbers is not urged officially. This question is not an unnatural one, and it is not an illogical one. To the producers who were affected by what happened during the last post-war period a partial answer will occur immediately. A more complete answer however is found in the necessity of integrating our whole live stock production program with potential feed supplies, not only in this country but on the whole North American continent. It has become increasingly evident that sometime within the next eighteen months the feed resources of the North American continent are going to be strained to the limit in supporting the greatly enlarged live stock and poultry population of the two countries. In the development of Canada's agricultural program therefore it has been necessary to provide for an uninterrupted, and, if possible, for an increase in output of products which are most urgently needed by Great Britain and which may be used by the united nations to the best advantage in food supplies to occupied countries when they are liberated.

If we were to give a priority rating to live stock products on that basis, and any such rating may be subject to revision, I think we would at the present time have to put bacon right at the top of the list. We would have to put dairy products, particularly cheese and concentrated milk, next, and possibly eggs third.

This does not mean that beef is being relegated to any minor position in our production program. As has been mentioned and as I have attempted to stress, beef now occupies a key position in Canadian meat rations, both military and civilian, and is likely to continue to do so for the remainder of the war. It does not imply, either, that any increase in cattle numbers resulting from the retention of the better bred heifers to replace older cows that can be discarded now to advantage at good prices is officially frowned on. It does, however, reflect the view that any trend in the latter direction, that is, any trend in increasing numbers, might better be allowed to develop on the basis of individual initiative and judgment rather than as a matter of departmental advice. An urgent appeal to increase cattle numbers; that is an appeal by the department with assistance from the provincial departments and agricultural organizations, might conceivably result in inflationary tendencies in the beef cattle industry such as we had in the last war. It might promote capital investment at what are pretty nearly peak prices and it might induce the incurring of obligations which in many cases, as it did in the last war, might carry over to the post-war period.

For these reasons, in so far as the Department of Agriculture is concerned—and the lead has been given by the Minister in this—advice has been limited to encouragement of increasing of yield and of marketing of cattle in the best possible condition, rather than of increasing of numbers. This advice has the support of the Advisory Agricultural Committee that was appointed this year and it is also supported by a number of the provincial departments of agriculture.

A great deal of progress has already been made in this direction, within the last year, without any necessity of it being actively encouraged by the department.

The committee might be interested in comparative figures. In the last three or four years the average yield on our inspected slaughterings of cattle—this is rather remarkable—shows that for 1939 to 1941 the figures were almost identical; it was 466 pounds in 1939, 466 in 1940, and 467 in 1941.

By the Chairman:

Q. That is the number of pounds of beef from each animal?—A. Yes, that includes everything, old cows as well as good cattle. In 1942 this average was stepped up to 500 pounds, and, as I have already mentioned, the result of that was that with 34,000 fewer cattle killed 17,000,000 more pounds of beef were obtained.

By Mr. Evans:

Q. The marketing of calves has fallen off some?—A. Yes.

Q. With the increase in weight of beef?—A. Yes, a good many of our cattle are being carried to older ages; a lot of our cattle are being better fed with the feed supplies we have had available during the past year. In the first four months this year there has been quite a notable further increase. I may mention in the first four months of 1942 the average yield was 493 pounds; in the first four months of this year the average was 521 pounds; taking the one extreme against the other, in the first four months of this year there was an average of 521 pounds, and in the first three years mentioned, 1939, 1940 and 1941, it was 466 pounds. Now, these yield comparisons and the point that has been mentioned by one of the members of committee in regard to the notable reduction in calf slaughter suggests that after all the producer does not need much of a lead as to what is the sound thing for him, not only from his own individual standpoint but also in the interest of the country in so far as beef production is concerned under war conditions.

Now, Mr. Chairman, I do not know that I have touched on the things that the committee are most interested in, but if there is any question that I can answer or questions that the committee have in mind that come more definitely

in the field of the meat board either Mr. Pearsall or I will be glad to contribute anything further we can.

By Mr. Perley:

Q. Can you give us any information in regard to the quota of cattle to the United States, how they arrive at it and where that cattle would be supplied from, either from the east or west; can you give any information with respect to that?—A. You understand there are no exports of live cattle just now.

Q. When the quota comes in again.—A. If there is no licensing it will be just as it was in the past, everybody will be free to ship until the quota for that quarter is filled when a higher rate of duty will apply; there has been no attempt to distribute the quota.

Q. The quota is filled at the present time?—A. There is no quota now. If we were shipping cattle to the United States there would be no quota limitation; that is a condition of the Mexican trade agreement for the period of unlimited emergency in the United States and Canada automatically benefits under the most favoured nation clause.

By Mr. Wright:

Q. Would you care to enlarge on the feasibility of grading of beef?

The CHAIRMAN: Rail grading?

Mr. WRIGHT: Yes.

The WITNESS: I do not mind admitting frankly that I do not expect to see it myself, but I think eventually a great many of our cattle will be sold that way; to me that is the only way in which the producer can expect to be paid for the value that he delivers on the basis of yield and quality. It is rather unfortunate, I think that producers have allowed themselves as a class to become rather skeptical about selling on the rail in the case of cattle. I think experience has indicated very definitely in connection with selling hogs on the rail, under the voluntary system, that a great deal more than half of our producers preferred on the basis of results they obtained to sell that way. I think the same thing would apply in the case of cattle.

By Mr. Wright:

Q. There has been no demand from these producers themselves for rail grading, producers and producer organizations?—A. No, I cannot say that there is.

By Mr. Evans:

Q. There is a definite trend to rail grading, don't you think?—A. I cannot say that it has registered yet. We have some spokesmen allegedly for producer interests who contend that the producers are against it.

Q. A survey made in British Columbia shows that there would be definitely a greater return to the man who produces the quality stuff.—A. Yes.

By the Chairman:

Q. In that same regard it was interesting to note a resolution passed at a recent meeting of the M.F.A., the Manitoba Federation of Agriculture, showing that in Manitoba the delegates went on record as opposed to the rail grading of cattle, and from the discussion I thought they were anticipating it was going to be brought into operation.—A. This might be the appropriate place to indicate that in so far as the department is concerned, and I am quite sure, while I cannot speak for the minister, there has been nothing that he has ever said to indicate that producers will be forced to sell cattle on the rail until they are willing to accept it.

Q. I think perhaps the fear in the minds of the producers in connection with rail grading of cattle is that they see the stock being directed to the slaughter

houses where it loses its identity and they pretty much lose control over the selling of it. I think perhaps that is part of their fear in connection with rail grading.

By Mr. Evans:

Q. If they carry out the same principle as is done in hogs the cattle would be shipped to the slaughter house.—A. One of the reasons I have come to favour rail grading is the fact that to me it is the only way in which the producer can sell his cattle before they leave home with any assurance that they are bringing their full value. I think that is the way the stock ought to be sold. The producer would know what price he was going to get before his cattle leaves his own premises. The experience in marketing of live stock has always been that the producer periodically suffers from an oversupply of cattle on the market when he could have sold the same cattle for 25 or 30 cents the week before but because of oversupply he does not get that. If he sold his cattle at home he would avoid that hazard. I cannot see why a commission firm could give even better service to the producer than he does now by determining for him by canvass of the trade the best price he can get on the basis of a basic grade with differential, between grades those differentials might differ as between firms, but the commission firm should be able to determine for the producer the price available, and if the producer has his own stock at home until he concluded a deal.

Q. It works right down to the consumer; the consumer when he goes into the butcher shop will get a certain cut of meat of a certain grade.—A. The grading of the consumer is the other aspect of it, as one who had a great deal to do with the establishment of beef-grading services. I have to admit we have not gone as far in fifteen years as in theory we should have been able to go.

By Mr. Leger:

Q. Mr. Chairman, in New Brunswick I believe we have only one packing house at Moncton, New Brunswick. I was wondering what steps the board has taken in connection with the slaughtering of cattle?—A. I do not know that I understand what you mean.

Q. You have established a principle that a person selling has to have a licence; am I right?—A. Yes.

Q. All slaughterings are under licence?—A. Yes.

Q. We have only one slaughtering house in New Brunswick; we used to have men going around the country buying cattle alive and slaughtering them themselves.—A. Yes.

Q. And selling the meat to the meat stores.—A. Do you mean is there any quota on a federally inspected plant?

Q. In years gone by the farmer could kill his own beef and take it to the stores.—A. Yes.

Q. And sell it. I believe he cannot do that now.—A. I do not have anything directly to do with the licencing, and I would prefer not to make any statement as to the basis on which the licences are being granted in New Brunswick, but I would think that in that province, which is a deficiency area, there would not be much disturbance of what has been going on in the past, but not having anything to do with the issuing of licences I cannot be very specific in any reply. Mr. Pearsall may know more about that than I do.

Mr. LEGER: Does Mr. Pearsall know?

The CHAIRMAN: This situation in New Brunswick seems to be peculiar to New Brunswick alone. Mr. Leger has been attempting to get the reason why it was necessary to use the licensing measures to the extent that they have been used down there, which makes it so difficult for the producers to carry on the same type of activities so far as the meat trade is concerned that they had been accustomed to carrying on in the past.

Mr. LEGER: Our meat trade is only from milk cattle and, therefore, it is not good beef. If we have to sell to the packing houses we do not get any price for it to speak of, while in the old way of selling they used to sell to the person who was buying from the farmer or were selling direct to the stores, and in that way they were able to get the same price as they would have if it had been first-class beef. At the present time I think most of the meat has to go through the Swift plant in Moncton and, therefore, all our meat is of low grade and we get a low price, much lower than we used to get prior to this new regulation coming into effect. It has created quite a disturbance.

Mr. ROSS (*Souris*): I am sorry I was not here when Mr. Hamer started, but I presume he made some remarks about the establishment of a frozen beef trade which is anticipated to Britain, and I was wondering what the prospects are for that trade in the coming year and whether we will have the benefit of the U.S.A. market. I wonder what prospect there is for the establishment of the frozen beef trade and how it will be handled and if it is to be handled as between Britain and Canada or whether there is any prospect of a step-up in the supply of beef. The point I am getting at is what the future market will be, because I presume we will not have the advantage of the U.S.A. market as regards prices. Is that right?

The WITNESS: I would like Mr. Pearsall to answer that question because he has been in on more of the discussions as manager of the Meat Board than I have.

The CHAIRMAN: I wonder if Mr. Pearsall will deal with the question that Mr. Leger has brought up, or give us the principle on which these licences are issued if he is in a position to do so and then deal with Mr. Ross' question.

Mr. PEARSALL: I am afraid I cannot add very much to what Mr. Hamer has indicated. I am familiar with the general broad principles on which permits have been required by the Wartime Prices and Trade Board because we are similarly interested in the control of hog slaughter. After the slaughter permits were required by the Wartime Prices and Trade Board we had all commercial hog slaughterers licensed and we controlled the slaughter of hogs, but our order did not apply to farmers or to any persons operating only one retail store. Now, the Wartime Prices and Trade Board required the licensing of all slaughterers or required the slaughterers to have a permit, and the basic reason for that, the underlying reason is the question of rationing. In other words, if you are going to ration a product you must have control of that product before you can ration it. In a commodity like sugar or coffee that is imported into the country that is very simple; but when you undertake to ration meat in a country like Canada where probably somewhere between 45 and 50 per cent of our population have access to their own supplies it is an extremely difficult problem and, accordingly, all slaughterers were required to have permits basically for the purpose of rationing.

Mr. FAIR: Would that include, Mr. Pearsall, a farmer killing for his own use or killing to sell to his neighbour in ordinary consumption?

Mr. PEARSALL: Some exception is taken to that. In as far as farmers are concerned, farmers do not need slaughter permits for consumption on their own farms or for sale to their neighbouring farmers or for trade with their neighbouring farmers; that is, they can slaughter and sell to their neighbour or exchange with their neighbour, but presumably a farmer should not engage in retail business in urban centres.

The next problem that is rather difficult to deal with has to do with these remote areas that have no outlet or no organized outlet for marketing their live stock and are, furthermore, deficient areas. They may be described particularly as a large portion of British Columbia, virtually all of new Ontario—what is generally known as new Ontario—and certain areas of northern Quebec

and, generally speaking, most of the Maritime provinces. The basis on which slaughter permits were issued was somewhat similar to the plan adopted in the United States. They put it on a poundage basis. In other words, they required everybody who has slaughtered over a certain number of pounds—I think it is 10,000 pounds a year—to have a permit. The general principle adopted here was a point system. I cannot give you the point. It would be introduced if a man killed about fifty hogs or probably twenty-five cattle a year. He got a permit, and that was applied generally to the more settled areas, the surplus producing areas. I think I am correct in stating that in all the deficit producing areas, which I have described—and probably we have even gone farther and included counties like Parry Sound and counties like those in northern Ontario—permits have been issued to almost everyone who applied for them regardless of the volume they were slaughtering.

Mr. LEGER: That must have been done recently.

Mr. PEARSALL: Again I would like to state that this is not our responsibility. What information I have has been received second-hand from the Wartime Prices and Trade Board, and if I am incorrect in anything I am stating it is because of being misinformed. Secondly, I am given to understand that in most of these areas I have already outlined there is no restriction on the number they can slaughter. That is in so far as hogs are concerned. We do not put any restriction on the number of hogs they may slaughter in new Ontario or British Columbia and most of the Maritime provinces.

I might say that I am sorry I cannot give you any more useful information with regard to how many permits were issued or what restrictions there are on, and the only thing I can suggest to you is that you have to get the information from the officers of the Wartime Prices and Trade Board who are directly responsible for this matter.

The CHAIRMAN: Could you answer Mr. Ross' question?

Mr. PEARSALL: Mr. Ross' question was with regard to the prospects of export to the United Kingdom.

Mr. ROSS (*Souris*): I think there has been some indication that frozen beef would be shipped.

Mr. PEARSALL: The over-all general principle has been arrived at that exports to the United States will be discontinued by joint agreement with the United States and the United Kingdom, and any surplus meat available in Canada over and above our commitments for bacon or otherwise will go forward to the United Kingdom in the form of frozen carcasses or boneless beef. In other words, we have accepted a policy that any surplus which we have will be exported to the United Kingdom in the form of beef. Now, I would hesitate to make any estimate of what quantity we might be able to secure. I think the position is this, that if we have a 25,000,000 pound surplus that would go to the United Kingdom, and if it amounted to 150,000,000 pounds it would go to the United Kingdom.

The CHAIRMAN: At the present time there is no surplus?

Mr. PEARSALL: Up to the present time there has been no surplus, but from any advice or information we can get there does not seem to be much prospect of any surplus in the immediate future.

Mr. ROSS (*Souris*): I understand that there is a definite agreement between the United States and the United Kingdom and Canada?

Mr. PEARSALL: Yes.

Mr. GOLDING: That is only for the duration.

Mr. PEARSALL: There is no specified time stated. Presumably, it is for the duration.

Mr. McCUBBIN: Is there any price stated in that arrangement?

Mr. PEARSALL: Do you mean the price to the United Kingdom?

Mr. McCUBBIN: Yes.

Mr. PEARSALL: No, the agreement with the United Kingdom with respect to prices has not yet been finalized. The general policy outlined is that our board will support cattle prices and buy beef at the floor prices. Mr. Hamer has indicated that if we were to buy beef up to the 17th August we would buy it at a price of 25 cents under the ceiling and in the fall it would be \$2.25 under the ceiling and, presumably, that would be our selling price.

The CHAIRMAN: The price has not been negotiated as yet on beef with the United Kingdom?

Mr. PEARSALL: No, but the prices we would buy at then would be the floor prices as set in the memorandum and the announcement that has been made.

Mr. McCUBBIN: Unless the price is depressed or the packers refuse to buy or feel they have enough in their storage you will not buy for the United Kingdom.

Mr. PEARSALL: Unless there is enough beef on the market or the packer is prepared to sell the board at the prices we are offering, which are the floor prices, then we will not get beef.

Mr. McCUBBIN: See what happened yesterday in Toronto where a lot of the cattle were not sold. The packers were laying off to see if they could depress the market. The cattle were not sold and the cattle market dropped in Toronto. The price may have dropped further to-day. When would you step into the picture?

Mr. PEARSALL: We will step into the picture the minute the packer has any beef he will sell us at the floor price—we will take it.

Mr. WRIGHT: The price of beef can drop 5 cents and it will not make any difference to the price to the farmer.

Mr. PEARSALL: It might conceivably.

Mr. FAIR: Do you think there should be some control of prices there—a guarantee to the producer?

Mr. PEARSALL: Do you mean with regard to the question of live prices?

Mr. FAIR: The man who has got to take his price on the live price I think should be protected to a greater extent than the processor. The point I was trying to make is that the processor or packer is at all times guaranteed a certain price.

Mr. PEARSALL: Yes.

Mr. FAIR: But regardless of any overcrowding of the market or over-supply of the market then the producer is not guaranteed any floor.

Mr. PEARSALL: Not on live cattle.

Mr. FAIR: That is the point I am opposed to, because if the other fellow is guaranteed a price the producer should be guaranteed one also.

The CHAIRMAN: How do you mean that the packer is guaranteed a price under this arrangement?

Mr. FAIR: He sees to that himself.

The CHAIRMAN: He is not guaranteed a price by the government.

Mr. WRIGHT: Yes, he is; he is guaranteed a floor under which he can sell to the board.

Mr. PEARSALL: That is right, an open order. We will take all surpluses at the floor price.

Mr. WRIGHT: He is guaranteed that floor base price.

Mr. ROSS (*Souris*): The principle is the same with regard to bacon.

Mr. PEARSALL: It is virtually the same principle. The prices will vary throughout the year. Right now they will be 25 cents below the ceiling price for carcass beef.

Mr. LEGER: What is the price at the present time?

Mr. PEARSALL: Twenty cents in Toronto for commercial defatted beef carcasses. That varies according to the uses.

Mr. McCUBBIN: What is the price for the red brand?

Mr. PEARSALL: Twenty-one cents, a cent more.

Mr. McCUBBIN: Mr. Chairman, I think we had better adjourn as it is after 6 o'clock and I should like to pursue this matter further at another time. There are a great many points that Mr. Hamer and Mr. Pearsall could bring out.

The CHAIRMAN: If the committee wish these gentlemen to return I am sure they will be available at a later date. We will adjourn.

The committee adjourned to meet on Thursday, July 1, at 11 o'clock a.m.

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(SESSION 1943)
(HOUSE OF COMMONS)

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

THURSDAY, JULY 1, 1943

FRIDAY, JULY 2, 1943

WITNESSES:

Dr. E. S. Archibald, Director of Experimental Farms Department of Agriculture.

Dr. L. H. Newman, Dominion Cerealists, Experimental Farms, Department of Agriculture.

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1943



MINUTES OF PROCEEDINGS

THURSDAY, July 1, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Cardiff, Cloutier, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Fontaine, Furniss, Golding, Gregory, Hatfield, Henderson, Kirk, Leclerc, Leger, MacKenzie (*Lambton-Kent*), McCuaig, McNevin (*Victoria, Ont.*), Mullins, Perley, Quelch, Rhéaume, Rickard, Ross (*Souris*), Ross (*Moose Jaw*), Senn, Soper, Tustin, Ward, Weir and Wright—34.

In attendance: Dr. E. S. Archibald, Director of Experimental Farms, Mr. M. B. Davis, Dominion Horticulturist, and Dr. L. H. Newman, Dominion Cerealists.

The minutes of the last meeting held on Thursday, June 29, were read and, on motion of Mr. Golding, approved.

Before proceeding to the order of business, Mr. Golding referred to remarks made in the House on June 30 by Mr. Fair and quoted the latter as having said that he had been "howled down in the Agricultural Committee". Mr. Golding suggested that this was a serious reflection on the members of the Committee and that Mr. Fair should either prove or withdraw his statement. Discussion followed, several members taking part.

Mr. Fair replied that his statement had been withdrawn in the House at the request of His Honour, the Speaker, and that he had nothing further to withdraw in Committee.

The Chairman suggested that this matter be left in abeyance until a complete record of the incident had been obtained from Hansard.

The Committee agreed.

Dr. Archibald was called. He made a general statement on some of the research activities of the Department of Agriculture and was examined.

The Chairman announced that Dr. Archibald and his assistants, Dr. Newman and Mr. Davis, would be available at the next sitting to give further information to the Committee.

At 1.15 p.m., on motion of Mr. Golding, the Committee adjourned until to-morrow, Friday, July 2, at 11 o'clock, a.m.

R. ARSENAULT,

Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, July 2, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Cardiff, Dechene, Douglas (*Queens*), Evans, Fair, Furniss, Gardiner, Golding, Gregory, Hatfield, Henderson, Kirk, Lafontaine, Lalonde, Leclerc, Leger, MacKenzie (*Lambton-Kent*), McCuaig, Perley, Rhéaume, Rickard, Ross (*Souris*), Ross (*Moose Jaw*), Senn, Ward, Weir, Wright—27.

In attendance: Dr. E. S. Archibald, Director of Experimental Farms; Dr. L. H. Newman, Dominion Cerealists, and Mr. M. B. Davis, Dominion Horticulturist.

The minutes of the last meeting held on Thursday, July 1st, were read and, on motion of Mr. Ross (*Moose Jaw*), approved.

Referring to the discussion which arose at the last meeting with respect to Mr. Golding's objections to an observation attributed to Mr. Fair, the Chairman quoted from Hansard of June 30, page 4272, and ruled that the withdrawal made in the House by Mr. Fair should be accepted by this Committee.

The Chairman also expressed the opinion that the incident having occurred in the House, the discussion which ensued in Committee at yesterday's sitting was out of order. He submitted that this discussion might properly be deleted from the record and asked an expression of opinion on this matter.

Mr. Ross: (*Moose Jaw*), moved that the stenographic report of the discussion which arose at the last sitting out of the question raised by Mr. Golding, be not printed.

The question being put, it was resolved in the negative: Yeas, 8; Nays, 14.

Dr. Archibald was then recalled and further examined.

On motion of Mr. Ross (*Moose Jaw*), a vote of thanks was extended to Dr. Archibald for his attendance and for the valuable information brought to the attention of the Committee.

Dr. Newman was called. He reviewed the activities of the Cereal Division of the Experimental Farms and was examined.

The Chairman extended to Dr. Newman the thanks and appreciation of the Committee.

At 12.55 p.m., on motion of Mr. Wright, the Committee adjourned until Tuesday, July 6, at 11 o'clock.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 1, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11.00 o'clock a.m. The chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, we have a quorum. I will ask the clerk to read the minutes of the last meeting.

Minutes read and approved.

Mr. GOULDING: Mr. Chairman, before we start on to-day's proceedings, our friend Mr. Fair made a statement in the house yesterday that I was quite surprised to hear him make when he made a positive statement that he had been howled down in this committee. And now I think that Mr. Fair in all fairness to the members of this committee should tell us what day that happened and what the particular item was that he was trying to discuss, or trying to bring to the attention of the committee when he was howled down by the members of this committee. I think that is a serious statement and is a reflection on every member of the committee; and to have that broadcast across the country is in my opinion most unfair, and to live up to his good name I think he should tell us now what particular time this occurred, and what was the incident in connection with it.

Mr. FAIR: Mr. Chairman, some people are so busy howling that they cannot see anything beyond their own view; and, well, any member of this committee, if the hat fits he is welcome to wear it; all that is necessary for him to do if he knows the committee is to think back on things that have happened here and they will—

The CHAIRMAN: Now Mr. Fair—

Mr. GOLDING: That is no answer at all.

The CHAIRMAN: Now, Mr. Fair, as chairman of the committee I really thought that was some reflection on my direction of the committee, my guiding of the committee from the chair. In so far as I am concerned I want to say quite plainly that in carrying out my responsibility I have tried to be fair to every one in presenting their views and their arguments to the committee. I take it that there was no reflection on the chair in so far as the observations you made were concerned I have deliberately on many occasions when a member has been speaking and another member attempted to get to his feet insisted on having the member have the floor and continuing. There have been many occasions where other members have tried to take the floor while a member has been speaking, and the situation thus presented was not at all pleasant. I hope that the observations that were made were not intended as a reflection on the conduct of our meetings in so far as the chair was concerned.

Mr. FAIR: Mr. Chairman, there is no reflection whatever in so far as I am concerned on the chair, none whatever; but there are certain members of the committee who have from time to time tried to prevent me from speaking.

The CHAIRMAN: I am bound to say, Mr. Fair, that I do not think that is a fair statement for you to make.

Mr. LEGER: Mr. Chairman, I think—

Mr. FAIR: If I might recall one incident, I might refer to one day when I was asking a question of Mr. McIvor and someone else butted in after I had the floor. You will perhaps recall that as one incident.

The CHAIRMAN: No, I do not recall it as one incident.

Mr. DONNELLY: I can remember quite well that I had the floor when asking Mr. McIvor some questions, Mr. Fair, and you prevented me asking those questions, and I had to refer to the chair before I could proceed. It was not a question there of interrupting you; that was a question of you interrupting me. I will leave it to the committee to say whether or not that is so.

Mr. MULLINS: After Mr. Fair made that statement on the floor last night—

Mr. QUELCH: I think that statement that Mr. Fair made about the conduct of the committee should be taken in conjunction with the whole statement which he was making at that time which was to the effect that parliamentary committees are controlled by the party in power, the government—and you cannot get away from that fact.

Mr. ROSS (*Moose Jaw*): Why do you say that, why do you say that our party controls these committees?

Mr. QUELCH: Because they are preponderant. The Liberal members far outnumber the rest of us on these committees.

Mr. ROSS (*Moose Jaw*): Oh, now—

Mr. QUELCH: When we are discussing the matter, you might recognize the fact that invariably you find that on important issues the committees are divided on parliamentary lines; that was true even in the Return Soldier Committee, which I should say is the least partisan of any.

Mr. ROSS (*Moose Jaw*): Just a minute—

Mr. QUELCH: Let me finish, if you don't mind; when a report is drawn up you will generally find that the committee divides on parliamentary lines; therefore, the point Mr. Fair was making at the time that in judging a member of the house, in view of the fact that a charge is being laid to the Prime Minister, it was only natural that that particular member would not receive justice from that committee because he would be a judge on the party lines.

Mr. DECHENE: You mean, he would not get justice?

Mr. QUELCH: He would not get justice, exactly.

Mr. DECHENE: Then you mean to say that to most of us in parliament the fact that the Prime Minister made a charge would have had a very great effect on the Liberal members of that committee. I am satisfied that in the final summing up you would find that a large number of the opposition would be on one side and the Liberal members on the other—and surely it was in conjunction with that that Mr. Fair was complaining at the time.

Mr. FAIR: You are one man who has tried to howl me down.

Mr. DECHENE: You are a damned liar.

Mr. FAIR: I demand that that be withdrawn right now.

Mr. DECHENE: I doubt if there is a man in this committee who has minded his own business and listened as carefully as I—If that can be said of anybody, I am the man.

Mr. FAIR: Mr. Chairman, I demand that such a remark be withdrawn.

Mr. DECHENE: It is a lie anyway.

The CHAIRMAN: I think perhaps at least the language might be modified.

Mr. FAIR: Mr. Chairman, I demand that that remark be withdrawn right now.

Mr. LEGER: I belong to the Agricultural committee and I believe that I have attended all the meetings since 1940; and if you look over the record of this committee for this year I cannot see why Mr. Fair should attack the committee

in the House of Commons like he did. It is all there, you will see it all on the record. I have gone through the records this morning and take my own case, for instance; I was getting up and asking a few questions and then I was interrupted by somebody else. I believe Mr. Fair interrupted me himself, while he did not mean to interrupt me but just wanted to ask a question along the line I was asking—and after that I asked it again and finished my argument. I do not think there is anything wrong with that. I think that when a member gets up he has something in his mind pertaining to the question asked. I do not think that he should go out and attack the committee like he did yesterday.

Mr. QUELCH: On a point of order—

Mr. LEGER: I am not through yet.

Mr. QUELCH: On a point of order: are you going to allow a man to maintain in this committee that another man is a damned liar? That statement should be withdrawn before any speeches are made. Before that speech is completed the Chairman should rule whether that statement should remain; otherwise you are making a farce of the whole committee and it amounts to nothing more than a regular dog fight.

(Owing to the physical impossibility of reporting a number of speakers simultaneously the record is necessarily incomplete in some respects at this and subsequent points.)

Mr. LEGER: I am speaking on the point of order, I was just going to mention about Mr. Dechene. When this committee opened this morning we asked Mr. Fair to take his words back but he did not do so; then he accused Mr. Dechene of being one of the members who interrupted; and then Mr. Dechene perhaps on the spur of the moment called him a liar. I believe that Mr. Fair should take his words back first and then Mr. Dechene afterwards.

Mr. Ross (*Souris*): I am also speaking on a point of order and I think we should at least use parliamentary language—whether he believes him to be right or wrong, nobody has any right to call Mr. Fair a damned liar. I distinctly remember the reference Mr. Fair made when he asked the question, and with all due respect to Dr. Donnelly he attempted to give the answer rather than Mr. McIvor. I know, Mr. Chairman, that at times you have had great difficulty in conducting the meetings of this committee, it has not been an easy job and I think that from the way you have handled it that you have done a very fine job of it; but I do distinctly remember that Dr. Donnelly twice attempted to give an answer which Mr. McIvor should have given, and Mr. Fair had to go ahead and insist on Mr. McIvor giving the answer which I thought he was entitled to because of the fact that an answer given by a member of the committee does not carry the authority with it that attaches to an answer given by an official such as Mr. McIvor who has been before the committee.

Mr. DONNELLY: I resent that very much, Mr. Chairman. I remember, and I do not think Mr. Ross or anybody else should get up and tell me that I am giving evidence—

The CHAIRMAN: Order, please. We have a business session of the committee this morning and I do not think we should take up all the time of the committee in discussing other matters. However, I do think at least that possibly Mr. Dechene's language was a little unparliamentary. I think he realizes that now and perhaps if he would at least modify it—

Mr. DECHENE: I attempted to make a statement and Mr. Fair absolutely could not find anything in the record, not even a word, that would show that I ever attempted to interfere or to interrupt him or any other member of this committee. As a matter of fact, I have been a little slow many times when I should have taken part; and I have often thought to allow this committee to proceed is because it is time we got through with our business in Ottawa

and went home. That is the way I have been feeling for several weeks now. But I cannot find anything from my words to justify his declaration that I interrupted him, that is a fact which never existed. However, I have been too long in political life to lose my temper. I never expected to lose it in this committee. I thought I was going to help the committee at every opportunity. I am sorry that anything of this kind has arisen, particularly on a day like this. And if I may be allowed one further word I will say this; that not only on the 1st of July but long before Mr. Fair knew that there was a 1st of July—I have spent the best years of my life in order not to fight with my fellow citizens but to make better understanding and friendship, not only with respect to political parties but everybody with whom I have been in touch in the west for many years. I am very sorry that to-day the occasion arose that compelled me to lose my temper and compelled me to say anything like this; but the attack he made yesterday in the house was so unwarranted; because he said himself when some body asked him that it was on the spur of the moment in discussion—he was asked where he was howled down and he said in the agricultural committee for instance—that is exactly what he said in the house.

Mr. FAIR: I demand a withdrawal of that statement.

Mr. DECHENE: I will not withdraw. I am the last man in the world you can make do a thing like that, and I am not going to take a statement of that kind from you—

Mr. GOLDING: Well now in all fairness to every member of this committee; Mr. Fair has now asked Mr. Dechene to withdraw—

Mr. QUELCH: Has he withdrawn it?

Mr. GOLDING: He has withdrawn his statement which was unparliamentary; and now I think Mr. Fair might withdraw the statement which he made in the House of Commons that he was howled down in this committee. And now, in all fairness to every member of this committee he must either prove that or withdraw it.

Mr. EVANS: He should apologize before the house.

Mr. GOLDING: Now, reference has been made to Dr. Donnelly, that he attempted to answer the question that had been asked by Mr. Fair. Now, you are going to refer to the record to see what is there. You have only to read the discussion that took place at that time and that might enable you to draw a somewhat different conclusion: here is what was said:

By Mr. Donnelly:

Q. What was the difference between the street and carload lots last year?—A. I would say that it would be about a cent a bushel on the average.

Mr. DONNELLY: We recommended here in this committee; I think it was brought up by Mr. Fair, if I remember correctly; that the carload lot should be reduced from 750 to 500; and then there was a further recommendation that it should be cut out entirely and we did ask that the carload lot be done away with and the spread eliminated; and in that way we saved a cent a bushel on about three parts of the wheat shipped from farms.

Mr. FAIR: Would Mr. McIvor explain what steps have been taken to bring about a reduction?

Mr. DONNELLY: I was just going to ask him that.

The WITNESS: I will have to draw on my memory just a bit, although I think I am fairly accurate on the sequence of events; I will give it as best I can: at the outset I personally had a telegram from—

Mr. DONNELLY: I just want to draw to the attention of the committee that here I have the records of what took place last fall.

Now, I would just like to draw the attention of the committee to what is here; I think the record shows what took place at that time:

Mr. FAIR: I wonder, Mr. Chairman, if the witness could give us that instead of some of the members; in that way we will be able to get it authentically.

The CHAIRMAN: Mr. McIvor can answer your question.

Mr. DONNELLY: I was just going to ask Mr. McIvor a few questions, if I might, in connection with that very thing. Now, we here in this committee, if I remember rightly, recommended that this difference between street wheat and carload lots be done away with and that they both be handled as carload lots. I have in my hand here a copy of the report which appeared in the *Calgary Herald*.

Mr. FAIR: I wonder if Mr. McIvor could answer my question?

Mr. DONNELLY: I was asking questions when you butted in; just let me ask my question and then you can ask yours. I have in my hand here a clipping from the *Calgary Herald*, dated April 8, 1942, where Mr. Purdy says that "the pools introduced the idea" of doing away with the difference between street price and carload lots. I maintain, Mr. Chairman, that that is not correct; that the idea originated in this committee by Mr. Fair himself, right here, and not Mr. Purdy. If Mr. Purdy says that he was the one who originated the idea, or that the pools were, they are trying to take credit for what is coming to this committee. This committee was the one which in our recommendations of last year asked that this difference between the street wheat and carload lots be done away with. It was done away with, and it was without the pools starting it at all. I will say this, that the pools were the first to agree to what we recommended; and the pools did at that time agree to do what we recommended, and agreed to do away with the difference between the street wheat and carload lots. Arising out of that and immediately after they did that the Midland-Pacific made representations to the government to do away with or reduce charges; and they were followed by the Pioneer Grain Company—and I have all the material here which shows where they said they agreed to cut it by a cent or a cent and a half—and then there was the Alberta Pacific, the Reliance Grain, the National Grain, Western Grain Company, the Alberta Pacific, Federal and National; they all agreed to reduce the rate from a cent to a cent and a half. If these charges could be reduced the difference would mean a great gain to the farmers in that cent to a cent and a half. And the first start in that change was made right here; it originated, I say and I maintain, right here in this committee last year. And by effecting a saving from a cent to a cent and a half to the farmers of western Canada, as applied to their 280,000,000 bushels, it represents between \$2,800,000 and \$4,200,000; and don't forget that was the work that we did right here in this committee.

Mr. FAIR: Could I have an answer to my question now, Mr. Chairman?

The WITNESS: Mr. Chairman, I am quite willing to say at the outset that the first suggestion came from this committee on the reduction of the charges.

Some Hon. MEMBERS: Hear, hear.

That is the discussion that took place and rather than being unfair to Mr. Fair that Dr. Donnelly gave him every credit for bringing this matter to the attention of the committee last year. And now, the fact of the matter is that I do not think

that any member of this committee will dispute the fact that Dr. Donnelly was answering the questions and that Mr. Fair stepped in with his question. But apart from that, will Mr. Fair say that in this case he was howled down by the committee? Is that a fair statement to make in the House of Commons and have that spread across the country? I think Mr. Fair should either substantiate his statement by the records or he should withdraw the statement that he has made. I think in fairness to every member of this committee that is not asking too much.

Some Hon. MEMBERS: Hear, hear.

Mr. WRIGHT: I have not had a great deal of experience with the committees of this house. I sat on a committee of soldiers' affairs, on the social security committee and on the agricultural committee and I must say this, that we in the opposition have had less fair treatment on this agricultural committee than any other committee I have sat on in the house.

The CHAIRMAN: Just repeat that, would you?

Mr. WRIGHT: I say, we have had less fair treatment on this agricultural committee than on any other committee that I have sat on.

The CHAIRMAN: You mean you have been treated less fairly?

Mr. WRIGHT: Less fairly, yes.

Mr. LEGER: In what way?

Mr. WRIGHT: On several occasions the opposition both in the meetings last year and this agricultural committee, and in the meetings this year, they, the majority have deliberately tried to dominate it.

Mr. ROSS (*Moose Jaw*): The majority always does.

Mr. WRIGHT: I think anybody who knows me realizes that I have never attempted—that would be my impression, and I would be less than fair if I did not get up and say so; and I think the other members here in the opposition group will agree with that; and I think that all the members of this committee who have sat on the opposition side must admit that fact; at least, certainly that is the way it has appeared to me; I think Mr. Fair's statement yesterday was a fair statement of what has taken place.

An Hon. MEMBER: That he was howled down?

Mr. WRIGHT: This committee has been dominated more than any other committee I have sat on in this house by government members in the committee.

Mr. ROSS (*Moose Jaw*): That is not what Mr. Fair said. Mr. Fair said that he was howled down in this committee.

Mr. WRIGHT: What are you doing now?

Mr. ROSS (*Moose Jaw*): I am arguing with you; if you do not want me to, say so.

Mr. WRIGHT: That is exactly what you have been doing on this committee since I came on it.

Mr. ROSS (*Moose Jaw*): I am arguing with you—

Mr. WRIGHT: Instead of listening and getting my view of it. That is exactly what we are complaining about.

Mr. MULLINS: You take up your share of the time all right.

Mr. WRIGHT: Anybody can read the records and judge how much of the time I have taken up in this committee. I just wanted to make my point but you see how far I got—

Mr. ROSS (*Moose Jaw*): Let us carry that out from now on; that when a member is speaking no other member be allowed up to say one word except the man who has the floor.

Mr. GOLDING: Go ahead, Mr. Wright.

Mr. WRIGHT: That has been my impression and I just wanted to put it here fairly and squarely so that the committee might have my impression of what has taken place in this committee.

Mr. RICKARD: I was very much surprised yesterday when I heard Mr. Fair make the statement he did. Personally I have always had a very great respect for Mr. Fair—and I certainly was very much surprised to hear the statement he made, because I have been a member of this committee for several years and it has always seemed to me that this is one committee in which we have an opportunity to say what we want to say, and we did so for what it is worth. I do not remember Mr. Fair in my recollection being howled down as he said. But there is a great difference in being howled down and fairness and being able to say what you think. And now, I know that we have had an argument today; everybody will agree with that. We do not always agree with each other, and we certainly do not agree as far as parties are concerned—but that is quite a different story to being howled down. I would just like to say that as far as I am concerned there has never been anything of that kind at any meeting of this committee that I have ever attended.

Mr. DONNELLY: Mr. Chairman, I have sat on four or five committees every year, and I have been here in the house and I have spent a good deal of my time in committees and I have never sat on any committee where I could say that any man, whether he be opposition or government member, did not receive fair play or where he was treated unjustly or unfairly; nor have I ever seen on any committee that I have ever been on a man that was howled down. It is true that you are either for the government or against the government, that in the committees the opinion of government members usually prevails. When we were in opposition the government was the same way. When the conservative government was in and they had a majority, of course their opinion prevailed; and you certainly did not get your own way when you were in opposition, whether you were the Liberal opposition or the Conservative opposition, or whatever side of the opposition you belonged to. You are not going to get your own way even then always; I think it was in this agricultural committee which I sat on away back in 1927, 1928 and 1929 where we came at that time with a resolution on the Grain Act, and it was the government members who moved for an amendment to the Grain Act which the government was not supporting; and the government members, we were the ones doing the thing, trying to get it; and we were determined and we got it; and we did not always have the opposition members in the house supporting us either, I would say that it was a few of us from western Canada, liberals, who forced the other men to come in with us; and that is what happened, and that is the only time that I saw that the government did not have its own way; and then it was not they who did it, it was us who were doing it.

Mr. WARD: I think it would be wise to refresh our memories somewhat in connection with Mr. Fair's statement last year. My memory is very very clear on it. It will be recalled that when the question of eliminating the carload rate on a delivery of grain was before the committee Mr. Fair moved that it be reduced from a 1,000 bushels, I think it was, at that time to 750 bushels. Later another member at a subsequent meeting of the committee moved, seconded by myself, that the carload rate be reduced—be wiped out entirely. Mr. Fair, the records will show, opposed that reduction and said that if we moved—

Mr. FAIR: It is on the record.

Mr. WARD: Yes, it is on the record. I know that Mr. Fair opposed that reduction and gave us his reasons for his opposition that would likely result in us not getting any reduction whatever.

Mr. FAIR: Yes.

Mr. WARD: However, the majority of the committee prevailed and the resolution was passed and the pools and the Grain Board accepted it and thereby we got a reduction. If you go back—if you will look up that part that Mr. Golding just read to the committee—it was Mr. Fair's position, his discovery that he was defeating himself, he was sorry perhaps that he had not moved that it be wiped out entirely; but he was going to get much political kudos out of it. I have been watching him very closely for the last three years, and if there is any man in the committee who becomes obsessed with anything it is Mr. Fair; and he has had a reasonable hearing and he has had a reasonable consideration before this committee; in fact, he has taken up a great deal more time in this committee than the average member of it. And I think, Mr. Chairman, that we should have no more troubles like we are getting in to-day. And now, just a word as to what Mr. Wright said: there is no vestige of evidence that there is any truth in it. We are only making ourselves entirely ridiculous if that goes out before the country. After all, I do not take second place—I do not flatter myself that I have to take second place to Mr. Wright or anybody else as to my honesty—

Mr. PERLEY: No one howled you down there.

Mr. WARD: I take second place to no man in respect to my honesty—no one has ever been howled down in this committee.

Mr. McNEVIN: Mr. Chairman, we have been discussing now for half an hour this matter of Mr. Fair's withdrawal. We have with us to-day officials of the Department of Agriculture, and I believe they include Dr. E. S. Archibald, who is in charge of the experimental farms, and they have come before this committee to give evidence, and I think we should hear them. Now, I think this matter has gone far enough and the Chairman should rule as to whether or not Mr. Fair should withdraw that statement, and then we should forget this bickering and get down to work.

Some Hon. MEMBERS: Hear, hear.

Mr. LECLERC: That is just what I was going to say. We have been here for half an hour now and we have just been chewing the rag and chewing the rag. It is going on to 12 o'clock. I do not know what the meeting was called for, but I would suggest that we go on and hear the gentlemen who want to give us some information about their part of agriculture.

Mr. SENN: Could we not hear them?

Mr. McNIVEN: The chairman should rule.

Mr. GOLDING: Will you tell us what you decide.

The CHAIRMAN: I certainly think the observation by Mr. Fair was uncalled for and I do not think that it is correct. I think he should withdraw it in deference to the members of the committee. I do not know what authority there is to require him to do so. I have been looking at the rules—

Mr. DONNELLY: The same rules as apply in the house apply here.

The CHAIRMAN: —and I leave it to Mr. Fair to say just what he thinks with respect to it, and afterwards we can refer to the rules. Have you anything more to say, Mr. Fair?

Mr. FAIR: Mr. Chairman, I do not think I have very much to say. I have been here before this committee and I realize I am pretty much in the minority. I feel also that the statement made by Mr. Ward was entirely without foundation. I have no political aspirations whatever, as far as this committee is concerned, because I know that I can go back to the people who sent me here and nothing that may be said here in this committee or in this house against me will interfere in any way with my political life. As far as the statement I made yesterday in the house is concerned I withdrew that statement in the house while making

it. It is now for this committee to deal with me as the committee thinks fit. I believe my statement or the portion of it read by Mr. Golding did not include any reference to being howled down. I would like it very definitely understood that the Hansard record could not include the interruptions, the howling down, because the evidence shows, the record shows that Dr. Donnelly continued with his questioning, and that some time later I did get my question answered by Mr. McIvor.

The CHAIRMAN: I think I remember the incident to which you refer. I think that Dr. Donnelly had the floor. But do I understand you to say that you withdrew the statement you made in the house yesterday?

Mr. FAIR: The statement made in the house yesterday was withdrawn.

The CHAIRMAN: I beg your pardon?

Mr. FAIR: The statement made in the house yesterday was withdrawn by me at the request of the speaker and in compliance with the rules of the house.

The CHAIRMAN: Well then, I feel that this discussion has gone far enough.

Mr. GOLDING: Did that include the complaint that you had been howled down in the agricultural committee?

Mr. ROSS (*Souris*): We are not getting anywhere at all. We have important witnesses here and their time is valuable, and I do not think we should take all day here on this matter. Mr. Fair has just made a very fair statement. I suggest that we get along with our business. We are not getting anywhere now. We have very important officials here and their time is valuable and we want to hear them.

Mr. GOLDING: Mr. Ross, we want to be fair to you, we are just as anxious to hear this evidence as you are, or anybody else; but there was a definite statement made in the house yesterday which reflected on me and you and every member of this committee. And now, the question is, is that statement which was made true? Well, that portion of the evidence taken from the committee report which I read shows definitely that it was Mr. Fair who interrupted Dr. Donnelly, that Dr. Donnelly certainly had the floor at the time. That particular statement speaks for itself. Then, there was the statement that was made in the house which will go right across the country, that Mr. Fair was howled down in this agricultural committee. That is not a fair statement, and it is not true; and if Mr. Fair is as fair as his name indicates he will withdraw that statement, and I think he should do that.

An Hon. MEMBER: Mr. Chairman, I think the rules are fairly clear on that—

Mr. EVANS: That is what we are complaining about, and that is what Mr. Wright complained about; I think there was some justification for it. But if Mr. Fair tells this committee that in his withdrawal in the house yesterday of his statement that he made that included in that withdrawal is the statement that he was howled down in this committee; so far as I am concerned I am perfectly satisfied with that explanation; is that so, Mr. Fair?

Mr. FAIR: Mr. Chairman, I made a statement in the house yesterday and I am not enlarging on that in any way; I made a statement in the house and I followed the rules of the house and I withdrew in compliance with the rules of the house and at the direction of the speaker.

The CHAIRMAN: You withdrew?

Mr. FAIR: I withdrew my statement yesterday in the house. It is up to the chair and the committee to deal with me as they see fit. I am not doing any more withdrawing whatever.

The CHAIRMAN: I do not recall the withdrawal you made in the house yesterday.

Mr. EVANS: It will be on the record.

The CHAIRMAN: Yes. I have not seen the record. If I understand you to say that you withdrew your complete statement; if that means you withdrew your reflections on the committee. I think that would meet the situation fully.

Mr. FAIR: I again repeat that I made a statement in the house and in accordance with the rules of the house I was compelled to withdraw it and I withdrew it in accordance with the speaker's ruling. There is proof again, Mr. Chairman, that the people do not know what they are talking about; but I am doing no more withdrawing, deal with me as you will.

Mr. ROSS (*Moose Jaw*): Mr. Chairman, what I would like to know is this—I did not want to interrupt while the other gentleman was speaking—but, Mr. Chairman, some people get a kind of persecution complex apparently, and when anybody does not agree with them they are entirely wrong. I have noticed that some of the members in some of the minority parties in the house if you do not agree with them you are a no-nothing or you are trying to persecute them in some way. And now, speaking as one member of this committee I want to say that Mr. Fair has always had a fair chance in this committee at all times.

Some Hon. MEMBERS: Hear, hear.

Mr. ROSS (*Moose Jaw*): Mr. Wright spoke last year about not getting fair treatment in this committee. This committee carried through until the finish last year and arrived at a unanimous report to the House of Commons.

The CHAIRMAN: Including recommendations beyond what some members wanted.

Mr. PERLEY: Mr. Douglas and I walked out and we had nothing to do with it.

Mr. ROSS (*Moose Jaw*): However that may be the vote was taken and the committee was unanimous.

Mr. PERLEY: I was not there when the vote was taken.

Mr. ROSS (*Moose Jaw*): You are not the whole committee, you are only a very small part of it and it was unanimous.

Mr. PERLEY: It was not unanimous. There was a majority—more than a quorum of the committee there.

Mr. ROSS (*Moose Jaw*): When the vote was taken, the record shows that it was the unanimous report of the committee. I want to say that was the record, because my hon. friend the member for Qu'Appelle was not on the agricultural committee at the time did not make a great deal of difference to the committee on Agriculture, as a matter of fact.

The CHAIRMAN: Anyway, the report speaks for itself.

Mr. PERLEY: I want the records to show how often he (Mr. Ross) has been here this year.

Mr. ROSS (*Moose Jaw*): Never mind, I am here this morning. I am not complaining about Mr. Perley not having been on the committee last year; if he had left it entirely it would not have made much difference.

Mr. PERLEY: It is a matter of record and I want the record to show how often he has been here this year.

Mr. ROSS (*Moose Jaw*): Have I the floor?

The CHAIRMAN: Yes, you have the floor; but please confine your remarks to the incident under discussion.

Mr. PERLEY: Yes, Mr. Chairman.

Mr. ROSS (*Moose Jaw*): On that point, will the hon. member permit a question?

Mr. PERLEY: That is a caustic example of the howling down that goes on in this committee.

Mr. ROSS (*Moose Jaw*): Concurrence was never moved on that report in the house last year.

Mr. PERLEY: That is the point.

Mr. ROSS (*Moose Jaw*): I got up here, Mr. Chairman, to say that every member in the committee has been affected by the remarks of the member for Battle River in the house yesterday. I do not hold anything against the member for Battle River at all, I never have; but I do say this, that it is not fair to this committee to have a statement of that kind go across the country, and it is not fair to have a record of that kind in this house where a member should stand up later on and say I was howled down in the agricultural committee, I was not given a fair opportunity to place your views before them because I am your representative and therefore certain things were not done. That is not fair in this parliament at all; and I think we all ought to be fair; I think every man in this committee will agree that Mr. Fair has had a chance to express his views fairly.

Some Hon. MEMBER: Hear, hear.

Mr. ROSS (*Moose Jaw*): There have been votes taken in the committee, but just because the minorities do not get their way does not mean that there was any unfairness about the thing, none at all.

The CHAIRMAN: The majority has to take the responsibility.

Mr. ROSS (*Moose Jaw*): Absolutely, the majority has to take the responsibility and the majority will take the responsibility for what is going on in this agricultural committee; but the majority of that committee do not want to take responsibility for the statement that goes out that purports to state something that never happened in this committee and then say the thing was not challenged and that it was correct.

Mr. GOLDING: That is right.

Mr. ROSS (*Moose Jaw*): Now, I think, Mr. Chairman, that that statement should be withdrawn. If Mr. Fair is not willing to say that his withdrawal yesterday in the house included his reference to the agricultural committee he should be made to withdraw it in the agricultural committee.

Mr. SENN: I hesitate to have anything to say in this matter. I am not directly interested and I want to keep out of any controversy; but I do doubt whether we are following the right procedure. This remark after all to which there is such great objection and of which there is so much criticism in the committee was made in the House of Commons and not in the committee. It seems to me that the House of Commons is the place to deal with it. I do not think that we should deal with it or try to deal with it here; at least, I do not think we should try to deal with it until we have hansard before us and know just what was said and what was not said.

Some Hon. MEMBERS: Hear, hear.

Mr. SENN: I know there have been a lot of interruptions in this committee from time to time, and perhaps I have been guilty of some of them myself. And there have been a lot of jibes and that sort of thing that perhaps were taken down when heard; and I can readily understand how Mr. Fair felt about the matter, and we can take that into consideration. I think the members sometimes fail to realize that the remarks they make are rather derogatory and hurt another fellow's feelings perhaps when they don't intend to. And now, there have been statements made here to-day which were entirely out of order—take the statement Mr. Ward made just a few minutes ago in which he included a reference to Mr.

Fair; and what Mr. Wright told us—these are just indications, Mr. Chairman, of what has been going on and I am trying to blame anybody for it. I think we are all guilty in certain respects and I think we should get away from that kind of think and let a man get on his feet, make his statements, ask his questions and then go on to the next one. If we were to do that I do not think we would have any of this difficulty at all—

The CHAIRMAN: Well, gentlemen, perhaps we could bring this thing to a conclusion. What I am going to suggest to the committee is this: if Mr. Fair does not appear to wish to go any further at the present time; and that, of course, is his own affair. I think the committee might agree to wait until we get the record of what exactly transpired yesterday, and if that satisfies the committee it will end there; if it does not satisfy the committee then there are certain rules that govern the situation and we can deal with it at a later time if the committee so desires.

Mr. PERLEY: Give us an interpretation of what you would consider being howled down.

The CHAIRMAN: I am not going to try to interpret what I think is being howled down. I think we got into a heavy discussion here and it has done a lot of good perhaps. As you know, in committee procedure there is a great deal more latitude and less formality and better opportunity for conversations and discussions than there is in the house and it is only natural that greater liberties would be taken; and, speaking personally, I do not see how you can get entirely away from it. If we were to try to do that, it would be necessary for the chairman to rule that any member who wishes to ask a question or state an opinion must stand up and get the floor in order to do so; otherwise, I do not see how you can stop him from interjecting a question from his seat. Now, can we close this question?

Mr. PERLEY: I just want to say, Mr. Chairman, that I have been becoming more or less used to that sort of thing; that I have not been interrupted on occasion by just one member but by a unanimous chorus, and I have passed it over more or less. I have been subjected to that since 1935 right along, and I just wanted it to go on record. You can say what you like, we have a lot of interruptions in this committee and many times quite unfairly by a unanimous chorus and not just by one member.

The CHAIRMAN: Can we proceed?

Mr. GOLDING: I think your suggestion that you will look over the record to see what further action if any is necessary to be done is quite all right for the time being. I want to say this that I have checked over these records here to find out just why Mr. Fair would have any reason to complain at all that he was howled down, and the only place that I can find where he might indicate that and which he did indicate was the instance where Dr. Donnelly had the floor and he himself interrupted.

The CHAIRMAN: And now, gentlemen—

Mr. GOLDING: Just a moment.

The CHAIRMAN: Please, Mr. Golding—

Mr. GOLDING: Just a minute, I find here that Mr. Fair did make a motion—

Mr. ROSS (*Moose Jaw*): The chairman is talking to you.

The CHAIRMAN: I have given an undertaking on the part of the chair to take a certain course with respect to this which if I have gathered correctly meets the general wishes of the committee; and if that is so, I submit that we should proceed to the next order.

Mr. GOLDING: I am going to be through right now; but I just want to say that that was the only other incident, where Mr. Fair made a motion, seconded

by Mr. Ross, and that motion was carried. And now, I have tried to find out where these instances were and we want to put them on the records, but I cannot find any place to substantiate what he says.

Mr. FAIR: I am not looking for any sympathy here but I hold certain views and certain responsibilities; and certain members of this committee have been complained about by other members than myself, making a practice of butting in; and on the particular occasion to which you are referring I pounded on the table and shouted, "big stick" across to Mr. Golding; that is exactly what I meant, and still mean it to-day.

Mr. GOLDING: And what did Mr. Golding say?

Mr. FAIR: Mr. Golding mumbles so much that you cannot understand what he is saying most of the time.

Mr. GOLDING: Mr. Golding did not say anything.

The CHAIRMAN: May we turn now to our order of reference as directed to this committee. In explanation of the procedure this morning may I say that due to the fact that Mr. Pearsall is not able to be with us, and also in view of representations that have been made by a number of the members, Mr. Pearsall's return appearance has been deferred until some day next week. In view of the fact that we could not have Mr. Pearsall with us to-day I took the responsibility upon myself of inviting other witnesses to appear this morning, and I am down to that part of the order of reference which says that the committee shall review the agricultural research activities of the Department of Agriculture and other governmental agencies; and if the committee is agreeable in that regard my position would be to ask Dr. Archibald, the Director of Experimental Farms, to outline the work that that institution has been doing along the lines of investigational work and scientific activities for the Department of Agriculture. Is that agreeable to the committee?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: May I then introduce to the committee Dr. E. S. Archibald, Director of Experimental Farms.

Dr. E. S. ARCHIBALD, Director of Experimental Farms, Department of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen: we in the experimental farms, and I think I can say this also for all research workers in the Department of Agriculture as well, have not sufficiently frequent opportunities of telling you of the work that we are doing, of telling you our opinion of its significance, and at the same time perhaps of telling you some of the aspirations we have for enlarging research work. In a short time it is pretty difficult to cover this question of agricultural research work that is being done in the department or elsewhere; research work in Canada is divided between the two branches of experimental farms and science services, that work very closely together; in fact, we work as one body in any province for which we have the facilities and the men. Dr. Swain unfortunately could not be here, and in case you might wished to have asked him any questions this morning, due to illness, and I will attempt to merely touch on the high spots of the work which we are jointly doing.

The CHAIRMAN: May I say, Dr. Archibald, that you do not need to worry about time as far as that is concerned; the committee will I am sure be very glad to have you come back another time if you do not complete what you have in mind to say this morning.

The WITNESS: Thank you.

This agricultural research might be approached in many different ways. We perhaps might to-day approach it somewhat as follows: Research looking to the development of the production of crops. A number of crops were suggested such

as the production of more varieties of grain, oil producing crops such as soy bean, sunflower, rape seed. In the past agricultural research has had to deal with surpluses in certain lines of goods, or crops; you have for instance the dehydration of fruits and vegetables—they are a good illustration in that regard. Then there would be research on which production might be based, research fundamental to the production of rubber bearing plants which are not commonly produced in Canada; especially fibre plants such as kapok substitute and other activities in which we are engaged together as related to the war effort; and finally there is the question, of industrial research in which we have not had facilities and yet in which naturally there are very wide opportunities for the utilization of that special product. An illustration suggested in that connection is the question of production of crops suitable for the purpose of power alcohol and synthetic rubber—I am just quoting these items which were handed to me as reference; of course, you will be free to ask any questions later you desire about them.

Now, briefly, may I review some of the activities that are actually under way. Dealing first with the question of dehydration; dehydration of fruits was undertaken as a research project by the department fourteen years ago and under a set-up of which I was chairman; and we introduced entirely new methods of drying fruits, particularly apples, under Nova Scotia conditions; prunes and apricots under central British Columbia conditions; and we devised dehydrators which are now used in Canada. A very limited amount of money only was available for the establishment of this dehydration work which was concentrated at our three stations; the Central Experimental Farm at Ottawa, the experimental station at Kentville, Nova Scotia, and one at Summerland, British Columbia—the latter dealing particularly with the tender fruits, such as peaches, apricots and the like.

This work progressed over a period of years when dried fruits were not very popular and certain experimental work was done in producing a product that was much superior to the old dried product, dried under the old kiln methods, or tower dehydrators, as the case may be. Costs of production were greatly lowered; dehydration even in those days was much cheaper than any other form of preserving fruits, and fundamental facts were arrived at; but still dehydration was not a popular mode of disposing of a surplus from even the low grade quality of product. While improved as compared with the old methods, the product still left a great deal to be desired. We continued actively with a very small corps of men at Kentville, at Ottawa and at Summerland working on this problem. The work continued and the product became more popular. But, in addition, attention was given to the production of fruit juices from Canadian fruits in comparison with the citrus juices which were highly advocated by the medical authorities. I may say that excellent work was done in producing fruit juices of high vitamin count; and that work has continued and is still under way despite the fact that fruit juices are limited with respect to lack of cans in which to distribute them. Canning work has been materially improved by this research activity and that work has continued; also the dehydration work has continued. On these items our Dominion Horticulturist, Mr. Davis, who is with us will answer any further questions which you may care to ask. The engineer under him is a young man named Eidt, also several highly trained assistants, most of whom are now in the armed forces. This work progressed until we had an entirely different type of tunnel dehydrator; much more economical, etc.; much more efficient and a greater time-saver, making a product infinitely superior to any previous dehydrated product. At the outbreak of the war we had cleared up a number of problems which were faced in connection with the commercial dehydration of vegetables—as to keeping qualities

and refrigerating qualities, and general utilization in countries where keeping qualities present special problems. I will leave any detailed answers to questions of that kind to be answered by Mr. Davis, whom no doubt the committee will want to call.

But what I am leading up to is this: at the present time because of war conditions the dehydration of vegetables, as was stated to you by Mr. Shaw, has now reached a very heavy tonnage, and Canada is now able to meet all the requirements; for the export demands and for the armed forces and for domestic consumption. Much splendid research has been done up to date, and it will continue, and it is that alone which makes possible the establishment of these commercial firms earlier in the war. The Agricultural Supplies Board got rid of the surplus of dehydrated fruits—they had great trouble at first, and then suddenly the quality was appreciated by the British government and a demand was established for dehydrated apples. In like manner we attempted through the Supplies Board to introduce dehydrated vegetables—potatoes, cabbage, carrots, onions and one or two other minor types such as turnips and beets; but they were not popular at the start; they now are very popular. The research work, in order to support the five companies that were—with the encouragement of the Supplies Board—established for the dehydration of vegetables has been continuous. The preparation, the pre-cooking, sulphuring, and all these factors which have been adopted as a result of research, now gives a quality of product which is long-keeping under adverse conditions such as the high temperature conditions of the tropics. So, we have made a real contribution. The evidence of it to-day is that the Department of Agriculture type of dehydrator has been copied generally throughout the United States; they have adopted it for their work in Australia and they are going to adopt it also for the work in North Africa in commercial concerns which are being financed largely by American capital.

By Mr. Senn:

Q. You did not get a patent on it, I suppose?—A. No, there are no patents on it. It is a Canadian government-owned type, but is known as the Eidt dehydrator; and, as I say, it will be known in Australia and other countries as the Eidt dehydrator; and that goes not only with respect to the engineering of that particular type but also with respect to the processes which Mr. Davis and his staff have been instrumental in developing. In addition to that, they have developed types of packing; for instance, the gas pack—in many of these vegetables in order to prevent them from deteriorating rapidly under high temperature conditions pre-cooking and sulphuring is not sufficient to assure keeping qualities by themselves. A lot of research work has been done in that respect of it and they have just recently completed a new type of pack, a solid pack, in which the product is not made into powder because of compression under hydraulic pressure but comes out of the tin in a solid form and is very quickly refreshed and is practically as good as the fresh vegetable. This will save an enormous quantity of tin and simplify gas packing and other technical problems in the production of these dehydrated food stuffs—and on these you may want to ask some questions.

And now, this whole question of fruits and vegetables is not just covered by the problem of dehydration, canning, or juice extraction, but involves a lot of work in the study of keeping qualities, storage conditions, not only for the fresh product distributed over a greater period of years but also storage for this product which may be so canned or dehydrated. In that division they have been consistently assisted by the chemistry division of our science service, also the bacteriological division of science service, with respect to anything of a scientific nature which may be needed. The need for greater facilities for research was recognized and they received the continued aid of the Agricultural

Supplies Board. As a result of that we now have nearing completion a building on our Central Experimental Farm in which we can make materially larger research work in respect to the different types of dehydration, improving present conditions and the types of dehydrators for which the tunnel type is not adapted. For example, tomato juice which may be dehydrated but it has to be dehydrated in a vacuum and under high pressure as compared to the more solid type of material which is produced from dehydrated apples, potatoes and products of that kind. I think probably that illustrates the type of work that is going on and its present adaptation in reference to some of the questions dealing with our fruit and vegetable industry.

Examples may be given of other products, fibre products for example; Canada has continued for a great many years investigational work through the Department of Agriculture as to the types of fibre that we can grow and that would be processed as fibres, not as cellulose material which may be made into rayon or substitutes from the soya bean or whatever it may be; and naturally Canada deals largely with flax. Canadian climatic conditions in eastern Canada, some parts of Manitoba and on the Pacific coast are such that we can produce fibre flax very economically. We have introduced varieties and types, and we have been investigating ways and means of improving the production and the product; and in very recent years, just previous to the war, the mechanization of the flax industry so that under Canadian conditions we could compete with low-wage countries such as Czechoslovakia, Russia when it was in the export picture. Belgium and Holland always produced very fine grades of fibre flax for damask linen, and other countries. Then, there was the question of mechanizing operations in that field, and thanks to the research work done by the department many years ago a type of puller was created not now used in Canada but was adopted in Oregon where it is held in high regard. We later found a type of puller which had been in use in Belgium for a good many years. That was introduced into Canada through the department, and it has been materially improved by the Plessisville foundry company where it is now made and sold under the name of the "Forana" flax puller. Then, there is the question of lifting this crop which is a difficult one, as it is a very tangly, miserable crop to handle. So, the flax division of our department was interested in flax retting and lifting, to see if it were not possible to develop a machine instead of continuing with the old hand lifting, which as you all know is a very expensive process. This lifter was invented and is manufactured by the Frost & Wood Co. And some two or three years before the outbreak of the war a type of scutcher was introduced from Belgium, namely, the "Van Hawert". During the war we have, through the Supplies Board, increased the number of these by having them manufactured by the Frost & Wood Company, and that is the best standard type of mechanical scutcher introduced in contrast with the old hand method of revolving wheels or knives. We had no tow machines in this country but fortunately there was one, an old German model, the Etrich machine, which was manufactured in Germany. This, too, has been patterned and improved on through the work of the Supplies Board and produced in large numbers. And the result of that has been that flax work is now well mechanized.

I just mentioned these as some of the larger engineering phases which we should have been in a position to serve much better. We could have saved a great deal of time and the fibre flax industry would have been much further advanced in this country had we had adequate engineering and shop equipment for this work; but in any case a contribution has been made, and our 38 Canadian mills—largely in Quebec and southern Ontario—are now well equipped to mechanize and are mechanizing and have mechanized fibre flax production in such a manner that this crop may now occupy a permanent place in production in this country.

And now, as to the utilization of this product. Line fibre naturally goes into spinning for the warp yarns on account of its strong long fibre; tow goes into the production of weft yarn; the waste, almost entirely short fibre, goes into the paper mills, as paper stock. The rest is burned; although it contains quite high oil content, has good plastic properties, yet no industry has been interested so far in the case of collecting this material from the various mills and using it for plastics, wallboard or whatever it may be. But there are potentialities there that could and should be developed. The seed is high in oil content, but as a rule with these fibre varieties there is a smaller seed and a less desirable product from the oil mills standpoint, but it is a still high oil content seed; and the opportunities for development along this line are considerable. However, I will come to that in a few moments.

The question has often been asked whether or not we could produce hemp for binder twine or rope. I would just like to say a word or so in that connection. We have been doing work for many years in connection with the hemp production; we know the possibilities in the various parts of Canada, particularly in Quebec and central and southern Ontario, the Portage Plains in Manitoba and the Fraser Valley in British Columbia. We know we can produce a very fine quality of this type of hemp; but this type of hemp which we know as hemp is quite different from the hemp commonly called to mind by that term. That type of hemp is a perennial type grown in the tropics; quite unlike in length, fineness and strength of thread, the hemp which we can grow in this country and which is commonly grown in the central United States and in Russia, Hungary and Italy. Our hemp is true hemp, an annual crop which is now ruled out of general production in Canada by the narcotics act because of the fact that marrahwana is produced from the leaves, and more particularly from the blossom. But we can produce this crop up to about one-half a ton of good fibre per acre. It cannot be used as far as we know yet for binder twine or similar purposes; but it can be used in the finer grades as a substitute for flax in weaving, and a substitute for jute for bagging. When it comes to using it to make binder twine, we have never yet been able to find a way of using it so that it will not snare up into knots. The International Harvester Company and other companies for many years attempted this through research work—and they spent hundreds of thousands of dollars thereon without success. Some further work will have to be done on that and we should be doing a great deal of work on it in Canada, as to a chemical or other treatment of this hemp for binder twine purposes. Once that is done we have a lot of machinery available in the country which can be adapted to the spinning of this material. When that is done, a new source of supply will be available to the companies which are now operating in Canada such as the cordage companies in Vancouver, in Brantford, Hamilton and Montreal. As to the best product they tell us that it is not long enough fibre and in consequence the wastage is great. These companies during peacetime imported manila hemp, sisal and henequen produced in Java, East Africa, central American countries and Mexico. At the present time such machinery is not adapted to the handling of our type of hemp. So these are two or three of the obstacles to Canada producing its own binder twine by the production of hemp.

If you have any questions on that I would be glad to answer them.

By Mr. Perley:

Q. Can you give us any information about the increase in production of fibre flax?—A. Fibre flax—at the outbreak of the war we had 4,000 acres. In Canada the profit at that time was more from the export of high class seed to northern Ireland than it was from fibre. We had not become adequately mechanized in any case. Production increased to 16,000 acres, then it was 27,000 acres and last year it was 45,000 acres. As to the fibre, most of the

line fibre and the tow were shipped to England; and as a result of the agreements between the United Kingdom and the U.S.A., about half of our line and our tow now goes to the United States but it is all used for war purposes. Up until last year, and during all the period following the last war, when we reached a maximum of 45,000 acres, the fibre was exported to England, to Ireland and Scotland and was spun there; and whatever thread we needed for weaving or for domestic purposes was shipped back.

We now have at Drummondville, Quebec, a subsidiary of Dominion Cottons, making a very nice job of spinning Canadian line fibre. The Drummondville people have facilities only for handling line fibre. It is too bad that we in Canada have not two good spinning plants, we would not have found ourselves in the terrible predicament that happened when the Athenia was sunk at the beginning of the war. About two years supply for the only weaving plant we had, namely at Iroquois, Ontario, was sunk.

By Mr. Golding:

Q. Just while you are on that subject of flax, I wonder if you could give us any information about the price of fibre flax this year compared with the United Kingdom price; or, compared to what it was formerly?—A. I presume you mean in comparison with the United States price. The price in the United States varies with the type of fibre—if I might just take a moment on that, Mr. Chairman. We deal entirely with dew retted flax. In flax retting with a very heavy crop it should be turned in order be uniformly coloured and uniform in strength, and as a rule we have not had a sufficient number of trained people to handle it; then it is dried and stored in barns or stacks and it is processed during the winter over our machinery. In the United States practically the only flax production they have is in Oregon and they are dealing entirely with tank retting. The tank retted usually commands a price of 2 to 5 cents a pound more than the dew retted; that is, on the basis of the British market. The United States have various prices depending on what they import from other countries. They are importing from Peru which is sending them both dew retted and tank retted products. And so there are various prices. The Peruvian agreement was a friendly nations agreement and was higher than the prevailing price at that time. Oregon prices have been higher because it is home-produced tank retted product and they could not get from Belgium in peacetime the quantity of tank retted long graded fibre they wanted. I would say that the existing price in the United States for the import situation is higher than the Canadian price in line—but not in tow; the tank retted tow is a little higher in Oregon than the Canadian price. The Peruvian tow entered the United States in large quantities and it is a low grade—actually there is a tremendous stock of low grade tow on the American market and their price is about comparable to ours. This last year the Canadian price on the best top grade line was 45 cents and on top grade tow 23 cents. The Oregon price for tank retted line is about 70 cents. And now, there is not that distinction in the British market between the dew retted and the tank retted because of the fact that there is such a short supply; and in the United Kingdom at the present time there is only about a two pence a pound difference between the top grade tank and the top grade dew retted. Under the new agreement this year the United Kingdom asked us for 75,000 acres. We said that we might possibly hope to get that if they would pay very definitely a higher price. We had considerable negotiation between the Supplies Board and the British representative in Washington, and finally they agreed to pay 55 cents for line fibre, a 10-cent increase for the top grade, and right on down through the lower grades; but there was no increase in the price of tows. And theoretically that was sound because many of our mills had been producing far too much tow. Naturally, as a war effort they should be devoting

more of their time to producing more line. However, as I said, the season was pretty well advanced when we got this price increase and it looks now as though we may be able to get from 42,000 to 48,000 acres—about the same as last year.

Q. The reason I asked that question was that last year many of the producers up in our district—and you know there are quite a number there—told me that they could get a higher price for their fibre if they sold it to the United States; and there was nothing to prevent them from sending it to the United States, but they were told that the United States could not take it on account of the fact that they had enough of their own. Is there anything in that?

A. Well, last year was more of a transition than anything else. Previous to last year the Americans were paying higher prices, prices distinctly higher than ours and higher than the United Kingdom prices; but lately, since we made the agreement with the United Kingdom, we had to put restrictions on the shipping of any unlimited quantity to the United States.

By Mr. Senn:

Q. But some export is allowed?—A. Some export is allowed, yes. The year before last, or up to the year before last, up to 1941, the United Kingdom took in all. Then they would not agree on a price and things kept getting worse and worse; and finally they did agree on the United States taking half line and half tow. At the end of 1942 the United Kingdom and the United States governments got together and agreed to pool the total available supplies, and agreed on a common price; that was why the growers felt that there had been some unfairness, because they had to take a slightly lower price for what they shipped to the United States. They did however gain the equivalent in the higher price of what they shipped to the United Kingdom and what they sold to the Americans—they sold it, in fact, on a basis of 55 cents top.

By Mr. Perley:

Q. What would be the average return to the producer?—A. It varies from very poor to very good. Many of these mills scattered throughout Quebec and some in Ontario have had a very, very bad season, damp; both in the growing season and throughout the harvesting season and in many cases the crops were over-retted in the rain and their percentage of fibre was low. In some of the mills lack of experience was a problem. The growers did not know when to harvest, they did not know how probably to do the retting, when it should be lifted and dried and stored. And in many of the mills, too, the operators were inexperienced and they crowded these turbine machines too much, and in consequence the crop was either partly destroyed or there was too much pressure and much wastage and so on; and in other cases inadequately cleaned. It is a very peculiar crop in that it must have the individual care of the grower and expert attention of the men in the mills in order to get the most out of it. Now, due to a combination of these circumstances, particularly the season, the industry had two very bad years. For example, out here at Casselman, and in two or three parts of Quebec and western Ontario, they have had one bad year and one indifferently bad year in the last two, and the gross return per acre to the farmer under those circumstances is low, not even comparable to a good crop of grain or other commodities marketed through large stock. On the other hand, in the same season in other communities the net return for the farmer per acre has been as high as \$75 to \$100 or more on a good crop; and well handled high grades are getting the top premium. The acreage return is about \$56 to \$60 per acre net.

Q. Could you tell us anything about the return they are getting for their crop in Manitoba?—A. Our experience of producing flax—take in Portage, which is the best part of the west—our experience has been that the yield is

relatively low and the fibre soft and that in the year when you have a very dry period, you have a break in the fibre and that means a tow crop rather than a line crop.

By Mr. Evans:

Q. I was just going to ask you about that, does flax grow best in Manitoba or in the eastern provinces?—A. It is grown best where we don't have these series of droughts—

Q. They really can't grow it out west then?—A. Any flax that is grown for fibre purposes so far in Manitoba has not been very profitable.

Q. Then in regard to seed, is there any experimenting being done in regard to the protein content of the pulp resulting from the conditioning of it?—A. No. The utilization of the shives, that is the wooded line portion coming out of the process, is not much.

By Mr. Wright:

Q. Has there been any set price for fibre flax seed in Canada and is there any market for seed flax?—A. No, there is little export market for flax seed now, because northern Ireland are now producing their own seed which they would not do in peace days.

By Mr. MacKenzie (Lambton-Kent):

Q. Would it not be desirable under present conditions—

The CHAIRMAN: Order, gentlemen, please. We will have to proceed a little differently; when more than one member speaks at once the reporter cannot possibly get a note of what he says on the record. Mr. MacKenzie had a question he wanted to ask, so would you mind repeating that, Mr. MacKenzie?

Mr. MacKENZIE: I beg your pardon?

The CHAIRMAN: I say, would you mind asking your question over again, Mr. MacKenzie?

By Mr. MacKenzie:

Q. From what I understood Dr. Archibald to say as to present conditions I would like to ask him if he does not think it would be desirable to grow hemp under permit in restricted areas?—A. I must have left an incorrect impression there, Mr. Chairman. I said with respect to hemp, that the kind we can grow is not suitable for present industrial use. I said that the kind of hemp that we can grow is not in demand.

Q. Do they grow it in the United States?—A. Yes.

The CHAIRMAN: Now, gentlemen, may we just clear up the procedure we wish to follow. There is going to be a little difficulty in getting all these questions on the record the way we are proceeding now.

By Mr. Soper:

Q. What is happening in the case of seed, is it being exported or is it being kept locally and processed into meal?—A. If I could answer that, Mr. Chairman?

The CHAIRMAN: Go ahead and answer that question, Dr. Archibald.

The WITNESS: As I said, at the outbreak of the war we had a very good seed trade with Ireland and England. They are now producing their own seed so there is no export. We had a small surplus of exportable seed since the first two years of the war, but from that time on with the increased acreage and with bad seasonal conditions which lowered the grade we have just been able to supply our own requirements of fibre seed.

Q. The reason I asked that question was because it was almost impossible to secure oil cake last winter for feed.—A. These fibre varieties are low yield seed varieties. They are grown and have been multiplied and segregated and propagated for their fibre content and they yield just barely half of our standard linseed varieties.

The CHAIRMAN: I wish to ascertain from the committee whether it wishes to ask questions as the witness goes along or do you wish him to complete his statement and ask questions afterwards?

By Mr. Golding:

Q. Just in connection with this matter of price, I want to get some information in connection with the prices just to follow that up in connection with grading. Now, I would like to know in regard to your new machines which you referred to for scutching, how do they compare with the old hand method as far as grading is concerned?—A. It is quite probable that the expert hand scutcher could perhaps make a little higher grade and a higher yield of line fibre from the crop; but these machines process much more cheaply.

Q. Is it not a fact that your scutchers break a lot of the fibre and in that way make a lot of—what do you call it?—A. Tow.

Q. Is that not a fact?—A. Especially if they are overcrowded, yes.

By Mr. Quelch:

Q. I want to ask some questions, are we going to be permitted to ask them now?

The CHAIRMAN: It is up to the committee. I know it is a very interesting item that we are on at the present time.

Mr. McNEVIN: I think the witness was still on his general statement and I think we should withhold our questions for the moment.

The CHAIRMAN: It is sometimes better to ask them right away while the discussion is going on.

Mr. ROSS (*Souris*): My own view of it is this; I think that when we are dealing with hemp we should ask our questions about hemp.

The CHAIRMAN: Well, perhaps we can go ahead and interject a few questions, so long as there is not too much repetition.

Mr. SENN: Has Dr. Archibald completed his statement?

The WITNESS: With regard to flax and hemp, yes.

By Mr. Quelch:

Q. Can fibre flax be grown satisfactorily on irrigated lands in Alberta?—A. Fairly satisfactorily, but not to make a high-class fibre; it is excellent for the production of upholstering tow.

Q. There has not been any mills built out there?—A. No. We have just put in brakes for the manufacture of upholstery tow and so forth—that is green fibre.

By Mr. Senn:

Q. I do not know whether this flax industry is an essential war industry or not. During the last war, as you stated, we were required to produce a very large volume of flax in Canada but after the war it went back until there was practically none, as I remember. Do you anticipate that this will only be for the period of the war or have you hopes that it will be a permanent industry?—A. With our present mechanized methods of production and processing I can see no reason why the flax industry shouldn't be just as much of our regular farm program as any other crop.

By Mr. Wright:

Q. Has there been any experiments made with respect to the growing of flax up in northern Alberta, in the Peace River country and up through that part of Canada?—A. We have had it on all our experimental farms. We find that the crop is one which requires most humid retting conditions, and that the yield of line is low. Occasionally it is very good, but it is an uncertainty. It is bad enough here in the east, as we have had demonstrated in a large way in the last two or three years.

By Mr. Ross (Souris):

Q. In connection with your experiments with fibre flax, have you done any work on the soft and the ordinary flax, the linseed flax?—A. No. You are referring to the utilization of it for paper products and so on?

Q. Yes.—A. No, we have never had facilities for the research work that should be done. We have followed the work that has been done and is being done in the United States very closely and we realize that they are now utilizing some 300,000 to 350,000 tons of linseed straw from the plains' area in the manufacture of cigarette paper and other fine papers and that type of thing. We have had a wastage from our fibre flax almost enough to meet the requirements of the Howard Smith Paper Company—only last year they went to Manitoba and they have made a contract for a considerable tonnage of linseed straw broken and shaken out and baled and shipped; that will go into cigarette paper and high grade papers. The situation has changed during the war on this continent. Formerly the Howard Smith Paper Company got their cigarette paper supply from Russian rags which they used in the manufacture of cigarette papers. They imported that; and in France their fine cigarette papers are made largely from rags or linen waste.

And now, cigarette paper is all made on this continent from linseed straw.

Q. In view of the fact that we are producing such a large amount of linseed now in Canada, do you not think it would be well for us to spend a considerable amount of money on research along this line?—A. That question of the mechanics of it is absolutely unknown; as to how much you can afford to pay for the linseed straw, particularly after it has been thrashed. When it goes through the thrashing machine it gets broken badly and it is very doubtful if you can use it because it is difficult to collect it. If it is combined, there is no reason in the world why a very considerable tonnage might not be collected as they are doing in the United States.

Q. Is all the straw taken from the Dakotas combined?—A. For that purpose it is all combined, sir.

By the Chairman:

Q. What do you mean by breaking up and the difficulty in the shipping process on account of breaking up?—A. Well, in the thrasher, the linseed straw is broken up into such fine segments that you cannot collect it; when it is combined the straw itself which is still comparatively short—you can actually collect it and bale it and they use a bailer attachment on their combine, so they collect it and put it through the various breaks and shake it out in order save shipping. They actually pay to the farmer about \$1 or \$1.50 an acre—that is what the farmer gets and he does not have to supply machinery.

By Mr. Quelch:

Q. Is that net?—A. That is the gross income from the straw that the farmer gets on the product. But the farmer of course gets his linseed; it simply means that there is some slight inconvenience to the farmer to get the additional revenue; and that is purely from the cigarette paper standpoint, that does not

cover your point Mr. Ross as to the field of research and it is possibly used in plastics, wallboards and other types of things. There can be no doubt about it that there is room for a considerable amount of research in that field which should be done.

By Mr. Henderson:

Q. Could it not be used for insulation?—A. Yes, however one great trouble about that—there was a man in Winnipeg who went in for the manufacture of insulation board but it did not meet the fire underwriters' requirements because it was highly inflammable; that no doubt could be cured by chemical treatment.

Q. Just another question there, could not the western farmer use that to feed this stock?—A. Flax straw is of no value for feed.

Q. Do you mean the protein content is not substantial?—A. No. It is absolutely dangerous to use flax straw around live stock because of the fibre content which will form fibre balls in the stomach of your cattle. It is of no feeding value.

By Mr. Wright:

Q. Is it economical to continue to make fibre from flax straw after the war?—A. I think there is no question about that; it is now in quite general use, the United States industry is firmly established and it is used for cigarette paper and naturally they want it for paper; and we have some other fine paper products which were still dependent on import sources.

By Mr. Quelch:

Q. Then, as to the other part of your statement?—A. I was just going to open up the question with respect to vegetable oils.

The CHAIRMAN: Then perhaps we could proceed with that?

Some Hon. MEMBERS: Agreed.

The WITNESS: Before the opening of the war for a long number of years our cereal division under Dr. Newman—who is with us to-day—had been doing fine work in flax production and developing high yield and disease-resistant strains. If you have any questions you would like to ask in connection with that work Dr. Newman can answer them.

I would like to say that at the beginning of the war we were producing 700,000 bushels of linseed flax in contrast to some 4,500,000 to 6,000,000 bushels that had been produced for many years before. In 1936-39 we were dependent on other countries for linseed oil which was imported as oil or linseed from other countries brought in and replacing the Canadian grown crop. You know the figures on it as well as I. But particularly after Pearl Harbour the general vegetable oil situation became doubly acute. We were asked to produce not 700,000 but 20,000,000 bushels. That Canada almost reached that objective last year was really a remarkable accomplishment on the part of the western farmers. True there was a guaranteed price of \$2.25 at Fort William to the producer, but they did seem to react definitely to the patriotic appeal. This year our objective is the same volume; at least 15,000,000 bushels the amount produced last year and even up to 20,000,000 bushels. In consequence we asked the farmer for an additional million acres in western Canada that is 2,495,000 acres. We do not know just how close we are to that at the moment but the Bureau of Statistics claim that in their estimate we have 2,491,000 acres seeded and they report that the crop so far is quite promising; but other authorities claim, that that acreage is too high. One reason for the increased acreage this year was that we are basing our estimate on the average yield over a period of years. Last year was a phenomenally good year as to yield and no doubt was partly due to the fact that we had highly rust-resistant varieties, for which

our research men in the cereals division deserve a lot of credit. The actual expelling capacity in Canada has not been changed since the outbreak of the war, and we have an expelling capacity for some 5,000,000 bushels of flax seed, sunflower, soy bean and so on. That is the real problem, meeting our oil situation at the present time. Steps to increase our expellers are now very actively being carried on by Mrs. Turner, Oils Controller and Dr. Barton of the Department of Agriculture. We actually need a half dozen or a dozen additional expellers in this country if we could get them organized and at work.

We have been working on soya beans for a good many years and the plant breeders in our forage crop division have created varieties which now can be safely grown economically to as high a quality as the best in the United States. Research work in institutions in the United States have developed the soya bean and adapted it to American conditions and have done a tremendous job, they were responsible for a production of 210,000,000 bushels in 1942. This crop had not been so nearly highly developed in Canada, not even in the favourable areas of southern Ontario with the result that our production has been somewhere in the vicinity of 200,000 to 300,000 bushels. As a result of the appeal made last year the Ontario farmers supported by a few in southern Manitoba and a few in western Quebec, and some small acreage in the areas of Alberta and in parts of British Columbia, have taken hold and in 1942 we had a production of something like 875,000 bushels and the objective this year is over a million and a half bushels. That is possible because of the fact that the plant breeders have supplied varieties that are high yielding and have a high oil content of high quality; but perhaps we did not make the appeal early enough, or the price was not determined early enough. It is the same price as last year, \$1.95 at collecting points; that is Toronto, Winnipeg, Vancouver and Montreal. We still have hopes that we may be able to get up to the yield of a million bushels. In western Ontario bad seeding conditions was one of its stalling factors.

Sunflowers have not appeared in our agricultural picture, but the plant breeders for years have been trying to develop a low growing type of sunflower which would mature its seed early, and which at the same time could be harvested mechanically rather than hand harvesting the heads and then drying by some method either in the field or under cover as they do in Russia and certain European countries. They succeeded, and we have two varieties of low growing, early maturing, fairly high yielding and high quality types, and our objective this year was over 100,000 acres. We did not succeed in that, but actually we have in western Canada just a little over 30,000 acres, so we are falling far short of our objective there. Sunflower seed oil is, as you know, valuable particularly because it is a high edible oil suitable for shortening or salads or anything of that kind. Soya bean oil can easily be made into a high-class edible oil and you get a lot of other things from it, such as oil for paints, varnishes, linoleums and that sort of thing.

Then there is rape seed which is new. Due to war conditions rape seed replaces castor oil as a high-class lubricant. Our supply source for this seed is largely from South America; and the Oil Controller has asked that this year we produce 2,000,000 pounds of rape seed oil. We cannot reach that objective because we did not have the seed. We had them multiplying the seed on the experimental farms, and through the Supplies Board we bought all the available seed that we could get from the United States. I may say that most of this rape is being grown in western Canada and some in Ontario.

Q. What about this soya bean, is it used for cattle feed?—A. Yes, but our use for it is in connection with the production of oil, it has a high oil content in the seed and we have been devoting our attention to its production strictly for that purpose. The residue as meal is of more value for feeding than the beans.

I would like to say one word more about this rape seed, it should not be confused with the type of rape that we use for livestock feeding; that is a biennial

plant, this is an annual plant. The Argentina rape is an annual, and as I said, it produces a seed which has a high oil content. The oil produced by that seed is valuable particularly as a lubricant used in marine engines and airplane engines, and it also has other uses such as in paint and varnishes.

By Mr. Senn:

Q. It is not like mustard, likely to become a noxious weed, is it?—A. It is a noxious weed in Argentina, but it is easily controlled in that the crop can be harvested mechanically with a combine; and there is no reason why if the seeds drop that they should not sprout and be handled in the fall without any trouble the following year.

And now, as to the importance of this. I think you all realize the very difficult condition of the vegetable oils in Great Britain and Canada, and we were dependent entirely on imported supplies of oil from the seeds, and since supplies have been so drastically curtailed after Pearl Harbour we have been going on short rations, and we are short at the present time and may continue to be short. We do know, of course, a great deal of these oils are used in the manufacture of munitions of war; and many of them are very important in the manufacture of paints, varnishes, and linoleums and things of that kind. As some of you may perhaps have observed in the reports you have seen, there is a possibility of the use of linseed oil as edible oil by proper treatment and hydrogenation—even its use in the manufacture of synthetic rubber has been looked upon as possible by research workers in various parts of the world. So far no one has succeeded in making edible oil from it although two or three research workers in Canada think there is some promise. The great trouble is that it retains its linseed flavour in the shortening, and there is still need for further research work in that regard. If we should be able to make edible oil from flaxseed in Canada it would be a good thing for the industry because we can produce large quantities of flax.

The soya bean lately has been subjected to a lot of fine industrial research and a number of products are made from the soya bean and they are numerous—some 85 or 100, if I remember rightly. They make everything from synthetic rayon to the finest of meals, flours, plastics of many kinds, synthetic milk and the like. Actually the soya bean is the most valuable of any of our oil feed crops and has been subject to the most chemurgic work and still the field is far from being completely explored and we have done next to nothing in Canada. We have developed no soya bean production program in Canada in spite of the fact of the fine record of the plant breeder who has given us the material with which we can work.

The sunflower also is a breeding proposition. It makes a highly edible salad type of shortening oil. We imported last year in the vicinity of 20,000,000 pounds of sunflower oil from South American countries and I do not think—

By Mr. Ross (Souris):

Q. Of oil?—A. Of oil—20,000,000 pounds of sunflower seed oil, and it is very highly favoured by our shortening companies and by our bakers; yet I saw a notice the other day that the Argentine had declared an embargo against the export of sunflower seed oil to the United States; which of course will affect our supply. How that may influence the present situation I have not had an opportunity of finding out from Mrs. Turner or anyone in authority but it just shows you how critical the shortening oil situation is.

As to the use of by-products such as for farm feeding, flaxseed is our largest producing vegetable oil yet the linseed mills have not all been working overtime and they should have been fairly fully employed in order to meet the minimum capacity of some 5,000,000 bushels; but because of the increased demand and the increased prices of live stock and better feeding methods too in our dairy cattle, hogs and poultry in which linseed cake or meal is used we

are in a very definite short supply position in respect to linseed meal. That indicates that the acute situation during the past eighteen months is going to be still more acute in the next two years.

We have no soya bean expelling plant. We will be expelling soya beans this year, but the small quantity of meal made is practically nothing as compared to the need for soya bean meal for live stock and poultry feeding.

By Mr. Evans:

Q. How does the soya bean cake compare with the oil cake?—A. It is the finest grade of protein meal that we have, the soya bean; it is high in protein and has other qualities which make it even higher than linseed meal for feeding.

By Mr. Leger:

Q. How does it compare with fish meal?—A. Fish meal and soya bean meal are about interchangeable in percentage of protein. Fish meal has other properties for certain feeding which would be superior to soya bean, but for a general protein meal soya bean is our best material.

By Mr. Senn:

Q. You still have a shortage of vegetable fats, would not our animal fats very largely meet the requirements there?—A. No, we were importing about 250,000,000 to 275,000,000 tons of vegetable oil until the outbreak of the war.

Q. That is true, but you know lard was not generally in favour with a lot of people; with the acute shortage of vegetable oil might they not use animal fats in preference to them?—A. Well, as you know, our lard situation is in a very critical condition. We have commitments to meet, and domestic requirements. And remember, Mr. Senn, there are many uses for vegetable oils for edible purposes for which the animal fats are not suitable. That is why a lot of these imported oils are used.

Q. It is just the edible oils that I am referring to.—A. As to edible oils, we were dependent largely on imported oils—soya bean, sunflower, cocoanut, peanut and cottonseed.

By Mr. Quelch:

Q. Can the soya bean be grown in Alberta and Saskatchewan on irrigated lands; have you tried growing it on irrigated lands?—A. Yes, but it is of uncertain yield.

Q. You mean with respect to drought or frost?—A. Yes, drought or frost; the very early varieties such as Manitoba brown or Wisconsin black would always give some yield but whether it is economical in contrast to wheat is questionable. In our view, it is not. In the great humid areas you get yields that are comparable to wheat; and the price being high enough it is of better value.

By Mr. Ross (Souris):

Q. In regard to rape seed oil, I believe that is used in marine engines?—A. Yes, in marine engines and in airplanes, both.

Q. In other words, it is used as a lubricant?—A. Yes; and particularly as a high-altitude and low-temperature lubricant.

Q. Have you any idea yet as to the value of production?—A. No, we can only calculate from our yield on experimental farms. We get as high as 1,400 pounds of seed per acre, at which yields the oil would be fairly reasonable in cost; but figuring on an average yield of 1,000 pounds under favourable conditions we would have a price of around 6 cents a pound for seed; but that quantity is at least 20 per cent higher than is usual under normal circumstances. That compares with the cost of oil which we imported from the Argentine.

The rape seed oil in Argentina is somewhat of a by-product of their general farming—they screen it out as screenings when they are threshing, and then they clean it and sell it to the oil mills.

Q. The main difficulty is the danger of getting it mixed in with other crops.—

A. The danger is more to the oil than to the crop, because if it gets into it it spoils the oil, and if the mustard got into your seed it would cross breed and next year affect the yield.

Q. As a matter of fact it would spoil its commercial value if the mustard stayed in it, would it not?—A. I understand that is so.

By Mr. Henderson:

Q. About what percentage do they allow?—A. I have no information. This is the first crop to be grown commercially in Canada.

By Mr. Senn:

Q. I would like to ask one general question before this committee rises. I fear it is one o'clock. I think your work has been very beneficial indeed, and not to the Department of Agriculture alone either, but here we have a lot of different research operations going on; we have the National Research Council, then we have the research work being carried on by your department, and we have provincial research people doing a certain amount of work, and then we have the National Chemurgic Committee. Do you think they would do better working separately, or would they do better work if all these people were consolidated into one large organization?—A. Naturally, you cannot consolidate all the equipment.

Q. No.—A. I would like to have about five minutes to deal with that, so may I attempt to do it. The research workers in Canada are all too few in number and the problems of national importance that are not being attacked are almost innumerable. There are many items—I can give you three or four pages just in the way of reference here. But there is no question in the mind of agricultural research or the research dealing with agricultural problems that affects production on the farm should be guided through the federal Department of Agriculture. Industrial research of a purely industrial nature I think should be under the National Research Council. There should be that definite division. So far as provincial interests in doing research work is concerned, and I may say that their work is very limited in degree in the field of agriculture, there is no overlapping for the reason that any problem of national importance you will find inter-federal-provincial committees that tie this work together and tie it thoroughly together—and they are supplementing each other. Sometimes there is replication which is very, very necessary, and that affects economy in some respects. But I know of no phase of agricultural research being done provincially or by independent institutions which is not in some way definitely tied in with federal work through committees and they may be goodwill committees, but some of the best committees have been set up under the National Advisory Council on agricultural services, of which the chairman is the Deputy Minister of Agriculture (Dr. Barton). As to facilities in any industrial phase of agriculture research, it is a matter of the utilization of accommodation available—I have a number of things down here in connection with that—but facilities are lacking at the present time.

Q. That is what I had in mind, research in the utilization of by products.—

A. That is it, we lack adequate facilities; especially in the case of small pilot plants; laboratory facilities to a certain degree and other commodities; but we have a large number of institutions scattered about Canada, and—

Q. They are united, are they?—A. Through committee work, yes; but they are used to capacity—and sometimes it is manpower and sometimes it is lack of funds—more apt to be both, rather than an attempt to set up a federal

agricultural research institution. The first thing in my opinion would be to explore the maximum use of our present facilities under the common guidance of centrally controlled plant.

And now, if funds are made available as they should in our opinion be made available through the Department of Agriculture, and the man and the equipment need sound guidance—either governmental or whatever guidance you look—and use these funds to the maximum of manpower and facilities in carrying out research that needs to be done. But right from the outset you are certainly going to require some pilot plants. One might mention the necessity for pilot plants possibly in the west to deal with a number of problems. One problem that immediately suggests itself is this one of the utilization of surplus wheat, which is a common problem, for power alcohol. I am inclined to think that some work could be done to relate the quality of fuel and know definitely what is going to be the price of grain alcohol at a time when it would be economically needed—it might not compete with our alcohol from other sources. At the present time—I am thinking of alcohol from the pulp and paper industry for example. There is a great deal we have to learn in that connection. I have here an interesting calculation running through the various crops produced in western Canada which provide possible sources for alcohol and which indicate the potential yield. For instance artichokes, yielding $8\frac{1}{2}$ tons per acre; sugar beets, $8\frac{1}{2}$ tons per acre; potatoes, 250 bushels; corn, in southern Manitoba and southern Saskatchewan, 45 bushels shelled; barley, 40 bushels; and wheat 20 bushels. Now, the average production of alcohol from these several articles through the present known methods changes all the way from 212.5 gallons per acre from artichokes to 50.84 gallons per acre from wheat. It also shows with respect to the value of alcohol that it changes from \$53.12 per acre with respect to artichokes to \$17.51 per acre with respect to wheat.

Mr. EVANS: I wonder, Mr. Chairman, if we could have that table which Dr. Archibald is referring to placed in our records?

The WITNESS: Yes, I would be glad to let you have it.

ESTIMATED VALUE OF VARIOUS CROPS AS SOURCE OF ALCOHOL

Crop	Green Yield per acre*	PRODUCTION OF ALCOHOL		YIELD OF FEED		Value of alcohol per acre at 25c. per gal.	Value of feed per acre	Total value of crop per acre
		per 100 lbs. (gals.)	per acre (gals.)	per 100 lbs. (lbs.)	per acre (lbs.)			
Artichokes.....	8.5 tons (tubers).	1.25 ⁽¹⁾	212.5	7.4	1,258	\$ 53 12	\$ 17 61 ⁽²⁾	\$ 70 75
Sugar beets.....	8.5 tons (5-yr. ave.) Mel- fort, Sask.	1.25 ⁽²⁾	212.5	9.5	1,615	53 12	22 61 ⁽²⁾	75 73
Potatoes.....	250 bu. tubers.....	1.06 ⁽¹⁾	159.0	4.3	645	39 75	9 03 ⁽²⁾	48 78
Corn.....	45 bu. (shelled)...	4.38 ⁽¹⁾	110.37	28.0	706	27 59	8 83 ⁽¹⁾	36 42
Barley.....	40 bu.	3.82 ⁽¹⁾	73.34	49.0	951	18 34	11 76 ⁽¹⁾	30 10
Wheat.....	20 bu.	4.24 ⁽¹⁾	50.84	32.0	384	12 71	4 80 ⁽¹⁾	17 51

* Estimated yields in western Canada.

⁽¹⁾ Taken from H. Millar "Raw material for Agrol Manufacture" Farm Chemurgic, Jour. 1:1, 141-146, 1937.

⁽²⁾ Estimated by Division of Chemistry, Science Service, Ottawa, Ont.

⁽³⁾ Based on dried beet pulp valued at \$28.00 per ton.

⁽⁴⁾ Based on dried malt sprouts valued at \$24.50 per ton.

And now, the value that you get in production of these various crops varies in different parts of the country. For instance, you take certain types of starchy potatoes, you can grow them better in certain parts of Saskatchewan and Alberta and perhaps cheaper than you can grow the same potato in the eastern provinces; and we can get as high or higher yield. We could use the starchy varieties for that. There are some differences in varieties. Some of the less

popular varieties from the standpoint of edibility may be high starch yielding—there are a great many chemurgic problems arise out of the crops that are produced in surplus. I have cited just mere examples in illustration of the usefulness of a pilot plant with laboratory facilities attached.

By Mr. Perley:

Q. I was wondering if I heard you correctly about the figures from wheat—was it 20 per acre?—A. On a basis of 20 bushels per acre, with alcohol at 25 cents a gallon, that would give you a yield per acre of \$17.51.

By Mr. Wright:

Q. Does that take into account the value of the by-product which would be available?—A. They are all calculated on the basis of commercial values, the feed values of the by-products at current prices.

The CHAIRMAN: Gentlemen, it is one o'clock, our usual hour of adjournment. I imagine that you would like to have Dr. Archibald and these other officials from the experimental farms branch for a further session. Am I correct?

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: What is the wish of the committee with respect to meeting to-morrow?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Then we will adjourn until to-morrow at 11 o'clock when we will continue with Dr. Archibald, Mr. Davis and Dr. Newman.

The Committee adjourned at 1.15 o'clock to meet again to-morrow, July 2, 1943, at 11 o'clock, a.m.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 2, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock, a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, if you will come to order, may I ask the clerk to read the minutes of the last day's meeting.

Minutes of previous meeting read and approved.

The CHAIRMAN: Arising out of the minutes—I will instruct the reporter not to take this down—

(Discussion proceeded off the record to a point where Mr. Fair rose and requested that the proceedings be reported.)

The CHAIRMAN: In referring to the incident as it arose yesterday with respect to an observation attributed to Mr. Fair, the records of Hansard have now been procured and at page 4272 appears the following:—

MR. SPEAKER: I have already drawn to the attention of hon. members the terms of standing order 41, namely that no member shall make offensive remarks against any other member of the house. There have been offensive remarks made to-day. They are not confined to one person, or two; because three hon. members have said that it would not in their judgment be justice to the hon. member for Laval-Two Mountains if this matter were sent to a committee. These remarks are wholly out of order, and they should be withdrawn, I ask that the hon. member for Battle River withdraw his remarks so far as they reflect upon hon. members of the house who are members of committees.

MR. FAIR: I am bound to withdraw, and I do withdraw.

And then he goes on to refer to other matters.

MR. GOLDING: Read the rest of it, read on, Mr. Chairman.

The CHAIRMAN: The balance of his statement in that paragraph is this:

But I want to say—

Some Hon. MEMBERS: Order.

MR. FAIR:

—that my remark was that the hon. member for Laval-Two Mountains would not get the same treatment in a committee as he would in a court of justice.

And my interpretation of that ruling of the speaker is that the speaker accepted Mr. Fair's withdrawal of his remarks as they reflected on members of a committee; and that being so, I would say that if I am required to give a ruling, that Mr. Fair's remarks should be accepted by this committee; and that is the ruling that I make with respect to it; and that immediately brings up another circumstance of yesterday's meeting: my feeling is that the discussion in respect to the incident which arose yesterday, the matter having arisen in the house and the withdrawal having been made in the house, that the discussion here with respect to it was out of order; and consequently the discussion had nothing to do with the evidence being given to the committee with respect to its order of reference; and in that same regard I raise the question as to whether or not the discussion that ensued with respect to that incident should become a part of our record. Personally I think it would be better left out. And now, I said that

Mr. Fair, as far as I am concerned, has withdrawn his remarks regarding any reflection on members of the committee; and I am satisfied with the withdrawal he made in that regard.

Mr. FAIR: Mr. Chairman, I think you are a little late in making your decision as to whether this matter should appear in our report. I think that the mistake was made by Mr. Golding in bringing the matter before the committee.

The CHAIRMAN: I am going to repeat my ruling; that the incident so far as this matter is concerned is now closed, and that there should be no further discussion on it.

I would like to have an expression from the committee with respect to the report in the printed form of the evidence taken yesterday with respect to this matter.

Mr. SENN: It might be a good idea to delete it from the record altogether.

The CHAIRMAN: That is my judgment.

Mr. SENN: It was an unfortunate incident and one which should not be repeated. I think it will have a salutary effect on the members of the committee, and that they will be more careful in the future in their conduct here. There is one other question that I wanted to call to your attention; I was wondering about the minutes. As read to-day they contain certain references to the discussion, and I was wondering if they should not be deleted in the same way as we propose to delete the record.

The CHAIRMAN: Well, I think the minutes follow in sequence the matter that was raised, and the record of the minutes was that the chairman would refer to what was stated in the House of Commons; which I have now done, and which I in turn rule is a satisfactory withdrawal of the remarks that were complained of.

Mr. GOLDING: On what do you base your rulings, Mr. Chairman? I am not going to enter into any discussion; but what is the basis of your ruling; is it based on the rules of the house, on rules of committee—on what do you base your ruling that it was not proper to bring the matter here?

The CHAIRMAN: I was not basing it on any particular rules, other than the fact that the incident was dealt with in the house at the time it was made.

Mr. RICKARD: My opinion of the matter is that it was a direct reflection on this committee and that we were quite in order in discussing it in this committee on which the reflection was made.

The CHAIRMAN: Now then, do you wish to appeal the chairman's ruling?

Mr. ROSS (*Moose Jaw*): We had a lot of discussion yesterday in regard to this point, and if the committee thinks it should be deleted from the records, it should be deleted from the minutes as well, the whole thing.

Mr. HATFIELD: Yes.

Mr. ROSS (*Souris*): I do not think I can agree with Mr. Ross (*Moose Jaw*) because I think just what happened yesterday should be shown on the record and that the record should be left there the way it is. It was quite a little discussion which took place yesterday, and there were some references made to previous meetings. I think my friend, Mr. Senn, pointed out that there are often little jibes and so on; and we all know that the man taking it down cannot get all those things into his record. We cannot tell what might happen in that connection. I think whatever notes were taken by the reporter should be transcribed and printed in our record. We do not know what is going to happen in the future and I think it would be better if the matter appeared in our records.

The CHAIRMAN: Mr. Ross, I think you have made a motion; is there a seconder for that?

Mr. McCUAIG: I not only wish to second it, but I think we should include all the discussion of to-day in connection with the discussion of yesterday, and that it all should be left on the record. I was not here yesterday and I am not familiar with what took place; but I do feel that whatever took place yesterday is entirely out of order. This committee could not deal with any statement made by Mr. Fair in the House of Commons; if the statement were not correct or not properly withdrawn, the whole thing should be dealt with by a reference to the house.

Mr. FAIR: Mr. Chairman, I do not agree that one word of yesterday's or this morning's discussion so far should be stricken from the records. There is a principle involved here. I am in a minority of seven or eight here; and if you want apologies for what was said yesterday, which was supposed to be to my detriment; I will leave it to the record of the committee and of the house to say whether that was the intention or not. If in the judgment of the members I was at fault I will take the rap. I am not blaming anyone; but I am not in agreement with the proposal that the report of the proceedings of either yesterday or to-day should be struck from the record. I want the whole thing left on it.

The CHAIRMAN: There is a motion before the committee.

Mr. ROSS (*Souris*): I do not know whether a motion to amend would be in order or not; but if so, I would like to move an amendment that the report of the part of the proceedings under discussion be included in our printed record. However, I doubt whether my amendment would be in order; if it were, I would certainly move it. The amendment I have in mind would be a direct negative from the motion proposed by Mr. Ross so therefore I presume it would not be in order.

The CHAIRMAN: No, I would say that it would not, being a direct negative. If that were the desire of the committee, they could vote it down.

Mr. ROSS (*Souris*): I think there is a parliamentary rule which says that an amendment cannot be a direct negative to a motion; therefore, the amendment which I had in mind to move would not be in order. However, I do think that it should be left on the record, that the record should be left as it is.

Mr. FAIR: Mr. Chairman, in connection with that we have already a motion that the proceedings of this committee be printed, and if that is the order, unless there is some very real reason for it, nothing should be deleted from the record; and I want the whole thing printed for my protection and for the protection of the committee.

Mr. PERLEY: I think it should all be printed. It is a matter arising out of yesterday's proceedings and if the matter had not been brought up here in this committee yesterday there would have been no record of it at all. The fact that it was brought up before this committee for certain purposes leads me to the conclusion that it should be printed in our records.

The CHAIRMAN: There is a motion before the chair.

Mr. GOLDING: Just a minute, Mr. Chairman. For what purpose was it brought up yesterday; you (Mr. Perley) said it was brought up for a certain purpose; what was your conception for my reason for having brought it up?

Mr. PERLEY: That is your business.

The CHAIRMAN: I do not think there need be any further discussion on it; also, as regards authorizing the printing of the discussion yesterday with respect to—

Mr. ROSS (*Moose Jaw*): The remarks by the hon. member for Battle River in the house.

The CHAIRMAN: —the remarks made yesterday; there is a motion before the chair that that part of our proceedings yesterday be not printed.

Mr. GOLDING: Just a minute now, Mr. Chairman; Mr. Perley has insinuated that I brought this matter up for some purpose.

The CHAIRMAN: I am going to rule that we are discussing whether or not we are going to print the records that were taken yesterday. I think that is what the discussion is about at the present time, and there is going to be no dealing with other matters until that matter is disposed of.

Mr. GOLDING: Can we deal with this after this is disposed of? You are surely not going to have an insinuation like that go unchallenged. I think I have a perfect right to state my position in bringing this matter before the committee.

The CHAIRMAN: My ruling would be that we are dealing with a motion by Mr. Ross (*Moose Jaw*) at the present time, as to whether we print or do not print these records.

Mr. WRIGHT: If any one wants reference to imputations, I can refer to certain statements that were made here yesterday imputing motives to me—if you are going to open up the discussion wide I can bring in a lot of things, including that.

Mr. RICKARD: I think Mr. Golding is perfectly in order, that he has a perfect right to be heard.

Mr. GOLDING: I want to say this in all sincerity, the only reason in the world that I brought this matter to the attention of the committee was that I thought it was a reflection on the members of his committee; it was unfair, it was untrue; and I challenge anybody to show where our good friend was howled down in this committee; and now for my good friend, Mr. Perley, to come along and impute other motives to me is I think quite unfair. I say to you in all sincerity that I had no other motive than that, and I say to you here, speaking frankly and explicitly, that I had no object in bringing it up other than the one I have stated.

The CHAIRMAN: Is the committee ready for the question?

Mr. FAIR: Mr. Chairman, I do not want to say any more than this, but I do want to point out that in my opinion this motion is entirely out of order.

The CHAIRMAN: On what grounds?

Mr. FAIR: On the grounds that you have a motion for printing the proceedings of the committee, and until that motion is rescinded you have no right to change it.

The CHAIRMAN: In regard to the question which you raised, Mr. Fair, the committee I would say—

Mr. KIRK: The House of Commons has certain rules that apply with respect to the records of committees, have we not?

The CHAIRMAN: With respect to that point I would say this, that the authority we have is to print the proceedings of the committee, which is the clerk's record, and the evidence taken of the said committee. Then, in addition to that these committees are autonomous and as such can, as is frequently done, agree or otherwise to rescind certain proceedings of discussions which are not evidence.

Mr. RICKARD: As to the evidence of yesterday, was it all taken down; or, were some parts of it missed? If it is all there, I think it should be in the record.

Mr. FAIR: The procedure followed up to this point has been to print everything.

The CHAIRMAN: There have been occasions—

Mr. FAIR: As far as reports of committees are concerned.

The CHAIRMAN: There have been occasions when we discussed procedure that we have not put it in the evidence.

Mr. GOLDING: I am all for leaving it in. I want to see it left in.

Mr. FAIR: I think it is probably a boomerang and I would like to have the record complete so that the public will know just what is involved.

Mr. Ross (*Souris*): I think the point raised by Mr. Kirk is a good one; that when we want a quotation or some remarks deleted from *Hansard* we must have unanimous consent.

Mr. KIRK: I would like to say this, Mr. Chairman; that you are not going to be any better off by deleting a part of the record. As I see it, if you delete certain parts of the record, you will thereby create a state of suspicion in the minds of the public. I think it would be much better for us all if we leave the record as complete as we can get it. The records of a committee such as this are certainly not always complete. The reporters taking down the record are after all human beings and there are certain limitations to their capacities even under the best of conditions; it is physically impossible at times, with a number of members speaking simultaneously and that sort of thing, for any reporter to get it all down. Take in the House of Commons, even there they do not get it all down at times. But I do think we should have it as nearly as possible; I think it would be much better for all concerned if we have it printed in our records as it has been reported.

Mr. GOLDING: I think so, too.

The CHAIRMAN: Are you ready for the question?

Mr. Ross (*Souris*): Make it quite clear what we are voting on; we are voting to delete these portions from the record.

The CHAIRMAN: The motion is: Mr. Ross (*Moose Jaw*), moves that the stenographic report of the discussion which arose at the last sitting out of the question raised by Mr. Golding be not printed.

On a show of hands the motion was declared lost.

The CHAIRMAN: This morning we will continue from where we left off yesterday with Dr. Archibald, if that is agreeable to the committee, I presume it is.

Some Hon. MEMBERS: Agreed.

Dr. E. S. ARCHIBALD, Director of Experimental Farms, Department of Agriculture, recalled.

The WITNESS: Mr. Chairman and gentlemen: Yesterday I attempted to introduce for questioning and discussion the research work that we are dealing with in connection with dehydration and fibre crops, and with vegetable oils and the nature of vegetable oils; but I would not take up your time to mention the work that is under way on other minor vegetable oils which have not yet reached war proportions or great economic proportions in Canada, such as peppermint oils, in respect to which the horticultural division has covered the work fairly well—mustard oils, particularly from the wild mustards; safflower oil—safflower is a type of plant which has received the attention of the cereals division but as yet has not shown any great value over and above the linseed oil and hence has not been released. Corn oils—there is a certain amount of hybrid research being conducted in the forage crops division in connection with that. I wanted you to know that all of these vegetable oils have been given serious thought and some research work by the plant breeders and with the co-operation of the oil testing laboratory, Saskatoon, have been valuated in contrast with other oils which we are producing on a considerable scale as under war or peace time conditions. I would like to mention briefly a few other pieces of research work that are being

done by the experimental farms and science service. One has been the question of a kapok substitute. Considerable discussion arose at the outbreak of the war as to the limitation of the supplies of kapok, particularly after Pearl Harbour and Manila. The Botany Division and science services have made a survey of flosses which might be used as a substitute for kapok.

By the Chairman:

Q. What sort of material is that; I mean kapok?—A. Kapok is produced in tropical countries and it is used in life preservers and flying suits, and things of that kind. We can produce a milkweed floss that is a good substitute; in fact, the United States army and navy have already accepted it and prefer it to kapok because it is more water resistant and does not pack as much as kapok in either lifebelts or airplane suits; and in consequence we have done considerable work in enlarging the work by making provision for its production on a large scale, on a scale sufficient to make it available for commercial trials. That work is being considerably extended this year in order that a considerable bulk of this material might be available for special manufacture. I might say that in that connection the U.S.A. arrangement this year calls for any contracts for over a million pounds this year, 3 million pounds in 1944 and 5 million pounds in 1945 for this milkweed floss to take the place of all low grade kapok and to see that adequate supplies are available for war purposes. The United States Department of Agriculture also voted \$100,000 to cover the question of other ways of utilizing milkweed, and we think that the production of milkweed floss is likely to become permanent.

By Mr. Ross (Moose Jaw):

Q. Could you give us some information at just that point as to whether or not you have been able to determine yet in what parts of the country it can be grown, and something about the volume of returns per acre and the value? Also, as to any rubber bearing qualities?—A. May I touch on that under the rubber-bearing qualities of some plants?

Q. What is it used for in war time?—A. In war time it is being used largely for life belts because of its buoyancy and also in air suits on account of its insulating qualities; those are the major factors involved under war conditions, but it is a wonderful insulator even in peace time.

By Mr. Douglas (Queens):

Q. Would it be all right for use in cold storages?—A. It is probably too expensive for use in cold storage; cork, when it again becomes available, will be much more suitable for that purpose.

Rubber production in Canada has not been a peace time activity, yet the Department of Agriculture has not been unmindful of the rubber qualities of some weeds and other plants—mostly weeds; and definitely the Botany Division of Science Service has been quietly evaluating the production of individual weeds in Canada as to rubber content, the rubber—gummy material of a rubber consistency—the milkweed amongst the various weeds studied by this division showed by far the highest percentage of rubber. That rubber material is contained in the leaves; and that was pretty carefully evaluated as to possible yield per acre under native conditions. Two years ago plots were put in for study; last year larger plots; and this year largely from the rubber standpoint we are putting in considerable acreage with the funds provided by Munitions and Supply through the Agricultural Supplies Board. Six hundred acres have been planted commercially in one county in Ontario for the actual production of milkweed leaves. We hope that we will be able to take also the pods from the crop of 1944 in a sufficient state of maturity that the floss will be useful for kapok substitutes. We have no figures as to the yield per acre, but we estimate from our plots under way that you can easily get somewhere

in the vicinity of 100 pounds or more of rubber, and probably in the vicinity of 100 pounds of floss and probably 125 to 150 pounds of seed. The seed of course will be used, if this program goes ahead, for seeding purposes; but otherwise it has a fairly high oil contents and in the United States is being sold for that purpose. Dr. Boris Barkman of Chicago has been very much interested in milkweed and has devised a method of separating the floss from the seed when the pods are ripe, and he has directed a lot of research work in that connection in the United States; as a matter of fact, he has recently been given \$100,000 by the United States government to continue his researches as to the total utilization of milkweed, the floss, rubber and particularly plastics from the stems or from the pods and any other ways of using it.

MR. SENN: I was just wondering if the milk from the milkweed is valuable commercially?

THE WITNESS: The milk from the milkweed constitutes a high percentage of rubber, and rubber gum and the resins; but the greater part of it of course is in the solid part of the leaves. You see a marked exudance when the leaf or stem is broken, but that is only a portion of the actual rubber material.

By Mr. Hatfield:

Q. Just in that connection I was wondering if you could tell us anything about Russian dandelions?—A. I will touch on that in a moment. I might say that in addition to the 500 acres commercially we have seeded to milkweed quite an acreage on our experimental farms right across Canada to see what it will do under different cultural and climatic conditions, then we will continue to get knowledge as to cultural methods of seeding—which we have pretty well solved, harvesting of pods and leaves and that is a problem on which our engineers are working. The research council have taken on the job of the actual rubber evaluation. We are doing the preliminary work on the rubber content; but as to its commercial utilization the research council have assumed that as its responsibility.

MR. HATFIELD: It seems to me that it would be very difficult to harvest because it is a very sticky thing to handle.

THE WITNESS: That is a problem that we have not yet solved by any means, and we have our engineers working to solve that problem.

By Mr. Rickard:

Q. Is it being grown commercially in Ontario?—A. Yes, in the Peterborough district we have 500 acres.

Q. Would you mind telling us the arrangement under which that seeding has been done? I understand that the government is paying \$50 per acre to the farmer to grow milkweed and I was interested in that. I understand that one farmer with whom I was talking that a man in his district had taken out a contract to grow 30 acres at \$50 an acre; and I always understood that milkweed grew on light upland pasture soil. It seemed to me that a man is going to make a pretty good living if he gets \$50 an acre guaranteed for growing 30 acres of milkweed on a light upland farm.—A. That \$50 an acre is being paid to the farmer who will have clean land in good tilth; not poor land. It is true that milkweed grows in poor land pasture; but you get much better stands on good land, on good farms.

Q. I have a knowledge of one or two farmers up in one of the townships in my county who have told me that they are going to get \$50 an acre and it occurred to me that that was a pretty good return considering the type of soil that milkweed can be grown on. I was just wondering if there was any limit to the number of acres that could be grown by the individual farmer?—A. No.

By Mr. Hatfield:

Q. Do you actually reseed it each year?—A. No, it is a perennial crop. In order to get the 600 acres we had to contact farmers who had the land which was clean and we had to go out and find farmers who had fields which had been prepared for such crops as oats and barley.

By Mr. Rickard:

Q. Under whose direction was this done?—A. Under the direction of the agricultural representative in the county of Peterborough.

Q. I had reference to the county of Durham, I think some is being grown in that county.—A. No, not to my knowledge; there may be one or two scattered out into one of the other counties—I could not say as to that.

Q. Of course in my county which lies right alongside the county of Peterborough, it is just across the line. There may be a farm or so just across the line.

Q. Some of them told me that they were doing it experimentally.—A. Well, it is commercial production when you get into 600 acres.

By Mr. Ross (Moose Jaw):

Q. You are sowing it at the experimental farms, are you not?

The WITNESS: We have to guarantee a man that he will receive that amount, and that is little enough; otherwise he would be using that land to grow crops for live stocks purposes. The farmer must have perfectly clear land, and it may be quite a difficult job to keep other weeds out, in order to get a good stand; when they have to look after 25 acres or so. And then, another thing, there is no contract for succeeding years; and should synthetic rubber men discover a means of making Buna-S rubber in some other way, say it would be possible to devise some other method for developing it so that this product would not be required there would be no commercial demand for it. That is a situation even anticipating that we could harvest a crop in 1944. There will be no crop in 1943.

Q. If you are paying only for 1943, you are letting the man take a chance as to whether he gets a crop the next year or not?—A. There is no contract yet for 1944, and if we do not require it then he would naturally have to plough the crop down. The question of the 1944 agreement for this 600 acres has not yet been settled.

By Mr. Hatfield:

Q. Can it be killed out easily?—A. Yes, we think it could be easily killed under cultural conditions, providing you can keep the seed from going all over the country.

By Mr. Perley:

Q. Is it seeded in rows?—A. Yes, it is seeded in rows, and in one year it usually fills in between the rows if you can keep down the grass and other weeds.

Q. What are the cultural troubles?—A. There will be three or four cultivations, and if the field where weedy there would probably be a good deal of handhoeing, which would make it expensive.

Now, there has been a great deal of publicity regarding Russian dandelions as a source of rubber, and a great deal of premature publicity in some countries; but Canada has been investigating this situation as long as other countries, except Russia; and, like the United States, we were not able to get the seed from Russia until 1942. The seed that was obtained was put on plots on experimental farms across Canada to determine cultural methods and with a view to finding out something about winter hardiness and the yield. We had only a small amount of seed and we tried to use to the best advantage. This

year we were able to obtain considerably more seed and we have 35 acres on the Experimental farms across Canada. The potential yield might be as high as 150 or 200 pounds, but probably 100 pounds of rubber per acre, and this rubber is contained entirely in the roots of the plant; hence, when the harvest is taken which may be at the end of the first year or in the second year, the crop is finished, unlike milkweed which is perennial.

By Mr. Rickard:

Q. Can milkweed be grown with any other kind of crop?—A. It does much better by itself.

Q. What I mean to say is, can it be started the same as clover or grass which is sown with grain?—A. No, it would be far better by itself. The first year you can take off nothing but if you get a good stand of roots on your milkweed by the second year the crops fills in between the rows and you have a crop you can harvest.

By Mr. Evans:

Q. Then the farmer need not expect to harvest anything his first year?—A. Not with milkweed. But this year to meet the request of the Department of Munitions and Supply, we are actually collecting enough leaves so that we will have 50 tons of dried leaves and that should produce in the vicinity of 5 tons of extracted rubber gum and that will be adequate for a commercial trial in the blending of this with a Buna-S rubber which will be produced at the Sarnia plant. If the work turns out as it now promises the gum from the milkweed is probably even better for blending purposes with the Buna-S than the product of the Russian dandelion; but that has to be proven in commercial trials.

By Mr. Evans:

Q. Are you trying to grow milkweed all across Canada on your experimental farms?—A. Yes. The milkweed is found in its natural habitat largely in Ontario, very little in Western Quebec and almost none from there to the maritime provinces, and it is found only in isolated places in certain parts of Manitoba—that is the common variety of milkweed—and no where else but we do not know if it can be adapted to other parts of Canada to be grown under cultural conditions.

By Mr. Ross (Moose Jaw):

Q. Before you finish with that you were speaking about other weeds; have you made any tests of such things as the wild lettuces?—A. Yes, we have made studies on a wide variety of plants of that kind, including the wild lettuce and the goldenrod, swamp, milkweed, and a large range of weeds.

Q. Have you been able to determine that there is rubber in them?—A. Yes, there is some rubber in them but we do not think it would compare with the milkweed. You know of course that climatic conditions will not allow us to grow guayrela and other crops which are being used in the United States, our temperatures are too low for that.

Another phase of the work on which considerable research has been done is defining or evaluating the vitamin content of various cereals, and I am going to leave that entirely to Dr. Newman to deal with. Another phase of the work there deals with research in connection with chemurgic possibilities, but that is essentially a production problem and it relates directly to the question of cereal research so I will leave that also to Dr. Newman to deal with.

But I would like to pass this comment on the work of producing new varieties and types of cereal plants. A great deal of work of exceptional value, particularly in the case of rust resistant wheat has been done by the plant breeders; with the co-operation of the plant pathologists of science service. Of course, that

is all well known to you—the development of these new strains of rust resistant grains which are now on the market and which have extended very greatly the grain producing area of western Canada and given a guarantee against loss to the farmer. Then, the work that has been done in connection with creating new varieties of oats—such varieties as Ajax and Exeter, which are rust resistant and replacing Vanguard and Erban. No doubt a lot of you gentlemen from eastern Canada are familiar with and growing a lot of Vanguard and know a good deal about it. Then, may I just refer briefly to some very fine work which has been done in our forage crops division in connection with corn hybrid and millets. Our forage crop people have done really good work in creating better varieties of millet and as you know no doubt it is a crop which is comparable with barley in usefulness—however, I will leave the whole question of cereals to be dealt with more adequately by Dr. Newman.

By Mr. Evans:

Q. You have been speaking about increased yields and increased production as a result of scientific discoveries. Do you not think that research in connection with increasing the production of different varieties of plants should be undertaken in greater degree from now on?—A. You mean, with respect to utilization?

Q. Yes.—A. At the present time we have few surpluses, in the first place; our main surplus is wheat. I entirely agree with you that a great deal of fundamental research as to all the possible uses of surpluses, in wheat particularly and low grade wheat—there are seasonable conditions in western Canada which affect the wheat grade, and then there are starchy wheats that are always grown in the northern part of the Prairie Provinces. Yes, research work is much needed.

Mr. LEGER: I believe yesterday you spoke about the dehydration of fruits and potatoes—

Some hon. MEMBERS: Speak louder, please.

By Mr. Leger:

Q. Could you tell our committee how long potatoes will keep after dehydration?—A. Yes, but I would like to refer that question to Mr. Davis.

The CHAIRMAN: I think perhaps that would be well. It is understood that Mr. Davis would be here to deal with technical matters with respect to dehydration. Is that satisfactory to you, Mr. Leger?

Mr. LEGER: Yes.

The CHAIRMAN: Would you allow Mr. Archibald to continue with his presentation; would that be satisfactory to the committee?

Some hon. MEMBERS: Agreed.

The WITNESS: I would like to just enumerate other phases of work which are under way, and some of our needs and leave plenty of time for Mr. Davis on dehydration and Dr. Newman on cereals. In honey production our research is relatively small but the work is important and seriously looked after. Our honey production in 1942 dropped to a low level of some 19,000,000 pounds, and not due to any lack of research but to lack of labour and to certainly to seasonal conditions. Honey production on a basis of 35,000,000 to 40,000,000 pounds is quite possible in Canada, and it is production that should be encouraged in every possible way. We have attempted to avoid losses particularly in respect to foul brood and other diseases; and we have given attention to the problems of yeast developments which cause honey losses in storage.

In animal production we have done a great deal of investigational work on the problems of nutrition and breeding and the like; and artificial insemination is just an illustration of the type of work we have been doing in improving our breeding. Similar work is being done in respect to poultry where attention is

being given to management and labour saving costs. We are paying particular attention to forage crops for stock in the way of trying to get higher proteins in grasses as well as doing work on soya beans, corn and other crops which have already been mentioned.

Horticulture is a very wide field of work. In seed production, particularly vegetable seeds—that is particularly significant—in peace times we imported practically all our vegetable seeds, and with the return of peace many countries that formerly provided us with the type of vegetable seed which we require, varieties suitable to Canadian conditions and of reasonable purity, may not for many years be in a position to do so; so that Canada during the war and afterwards for several years must look to her own sources of supply; and the experimental farms have therefore been giving special attention to breeding and the creation and adaptation of varieties to the different parts of Canada, creating pure foundation seed; and the Department of Agriculture through its experimental farms and with the aid of other branches of the department—and I should include in that the Canadian Seed Growers' Association—guarantees the purity and suitability of varieties of Canadian grown seed by producing foundation seed under government control, mostly through the experimental farms. That work is under Mr. Davis and you can question him on any points in that connection.

I might mention one of our activities in connection with which a considerable amount of research has been done during the past years and that is in connection with the development of grasses. This work has proven to be of considerable value to the Department of National Defence for Air in the matter of quickly seeding air fields, providing grass swards with the greatest possible speed and durability at airports where it is very essential to prevent the blowing of sand. One of the greatest difficulties they have, as I understand it, is the maintenance of engines in the airplanes and sand blowing freely is one of their worst problems. Research work on which present work is based has been going on for many years in the division of Field Husbandry to determine methods of growing and also in connection with the development of more or less regional types of grass and clovers which will be most suitable. The actual seeding operations have usually been supervised by the experimental farms men, and very often the actual seeding has been done with experimental farms equipment. I mention that as indicating a practical outcome to years of investigational work as to seeding methods and the development of new varieties which are adaptable to different soils and different climatic conditions throughout Canada.

Then, on the question of agricultural engineering, we need vastly more work done, not only to meet these labour shortage conditions in war time, but to face the whole future of mechanizing and devising proper labour saving devices suitable for various phases of our agricultural activity. Then too, we have many new crops coming into agriculture and they require entirely new machinery or the adaptation of existing machinery. I could spend considerable time in giving you an elaboration on the splendid work that is being done in farm mechanics by the men on our experimental farms at Swift Current and Ottawa where most of this work is undertaken. So far this kind of work has been too little recognized, and it needs far more assistance; and as we develop new phases of chemurgic research, the whole question of developing and devising pilot plants will require special attention, and it will involve the design of equipment which has not existed at all heretofore. We have all too few good men in agricultural engineering, and we should have the best assistance we could possibly get.

And now, the terms of my reference also mentioned the question of power alcohol from cereals and plastics. I am sorry to say that we are doing no work along those lines; but those of us who have been privileged to sit in on the National Chemurgic Council and hear some outline and detail of the work of the National Research Council realize its tremendous potentialities. Work in

connection with plastics, we have done nothing yet we do know the plastic qualities of soy beans, corn and other cereals. But there remains a lot of research work to be done in connection with the utilization of certain farm materials of which we have surpluses or wastes and which bulk so largely in our agricultural program. There is no question as to the relationship of plastics to agriculture as an industry, and we appreciate its importance. We need to know a lot about the possibilities of developing power alcohol from cereals—I gave you some figures in respect to that yesterday and I do not need to repeat them now. But we do need to know in terms of future power, with petroleum products becoming less and less available, just where we are headed on the matter of power alcohol; a lot of work needs to be done, and definite engineering work needs to be undertaken and accurate figures—not just mere estimates—should be made available. This means the need for laboratory facilities, the use of industrial plants and if necessary pilot plants. I will not take time to give you estimates, but estimates were given before the National Chemurgic Committee by the special committee headed by Dr. Steakman who used all possible information as to both American and European methods of processing alcohol; and I think all these figures are very well known to you and I do not need to quote them.

Mr. PERLEY: What report is that ?

The WITNESS: That is the report of the National Chemurgic Committee—a survey of Canadian researches.

Mr. PERLEY: Is that their new report?

The WITNESS: No, that is 1941. It has not been brought up to date.

By Mr. Perley:

Q. Can you tell us if copies of that are available?—A. Yes, from the Canadian Society of Technical Agriculture, who really sponsored the survey by the National Chemurgic Committee of the Canadian Chamber of Commerce.

The reference also included P.F.R.A. researches: I do not know that we have any definite researches under P.F.R.A. A great deal of our recent work on experimental farms and through science service has been applied to the P.F.R.A. program and those I think are very well known. Splendid work has been done in field husbandry on soils and soil mechanics which developed our present control methods of soil drifting. The P.F.R.A. is a practical application of departmental research in that regard. The same applies to our reclamation program: there we have developed new grasses and new methods of seeding and new methods of range control with relation to increasing range capacity to carry live stock and higher productivity in the live stock. Our tree planting program has been going ahead steadily and considerable work has been done through associations, and work of that kind has been under the direction of our department; and in that connection I would refer to two forestry nursery stations in particular, namely Indian Head and Sunderland.

Then, on soils: research work on soils was and is under way; it is supported somewhat by P.F.R.A. funds, and that was done co-operatively between the department and the soils department of the three western universities. Researches also include sawfly control experiments which were both entomological and cultural research workers co-operate. There are many other activities of the P.F.R.A. dealing largely with the practical application and enlarged research work.

By Mr. Evans:

Q. Your experiments on range work have been limited, I take it that they have been confined largely to obtaining information as to the use of western grasses?—A. They have given a complete picture of management methods which include naturally the distribution of water and salt; the development of grazing, rotated grazing and problems of that kind. They have also given us a

fairly complete picture as to the necessity of building up feed reserves by the use of local irrigation and things of that kind; and they have given us a fairly true picture as to the carrying power. The methods of grass conservation and the study of grass improvement which were created out of that situation are now being used very largely by the ranchers; and the technique of grazing surveys developed there is being used by departmental men under P.F.R.A. in evaluating the potential of range improvements.

By Mr. Wright:

Q. You touched on the question of artificial insemination; I was just wondering how many sires are now being used in Canada for that purpose; and what are the requirements for the various breeding clubs; and just what is your opinion of the possibilities of that process?—A. Our interest in artificial insemination started largely in an attempt to adapt the Russian and the Cambridge, England, mechanical methods and technique to Canadian conditions; and we have done a fairly complete job in introducing them and in some cases there is an improvement in equipment. But, as to the possibilities of artificial insemination, under careful and competent control, it is a very useful means of disseminating good blood lines. It will have many disappointments, not due to the sires particularly, but due to lack of care. So many sires do not react well to artificial insemination. They may be quite normal in natural breeding, but the semen seems to lose its vigour in artificial use; and the collecting of the semen seems to react on the sires, in that semen may lose its virulence very quickly. As to the number of sires used I may say that the production services in the Department of Agriculture are interested in and organizing the commercial adaptation of this new development through breeding clubs. I cannot tell you the number of sires they have in these various clubs. Some of the clubs are working very satisfactorily; others, because of poor technique, or the sires themselves have been disappointments to date. But limitations of artificial insemination is particularly the very limited number of high-class sires that are really worth this wholesale propagation of blood lines—and that applies particularly to cattle. As to the limitations of artificial insemination; with horses, as perhaps you know, there is only a very short period in which the semen retains its virulence, limited largely to one day, in contrast with cattle five days when proper temperature conditions are maintained. The artificial insemination of sheep and hogs has not been developed commercially in Canada, but it is reported as being widely used in Russia, which is the only country that is using it or attempting to breed in that way to any extent; but we are studying the technique of the development of a more economical method of the collection and dissemination and use of semen in all classes of livestock.

By Mr. Ross (Moose Jaw):

Q. I understand they are carrying on some very interesting experiments in the United States in connection with that?—A. Yes, but artificial insemination over there is not new as it has been used for many years by owners of race horses.

Q. I mean with cattle, both female and male?—A. Yes.

Q. You are not carrying on any of those experiments here, are you?—A. No; we have been working on the technique of proper control and the difficulties of shipment; and then trying to give practical assistance to these clubs in the training of good herdsmen or even the training of veterinarians who are entrusted with this work of artificial insemination; in fact, with a great number of breed associations it is necessary to have the services of a veterinarian.

By the Chairman:

Q. Dr. Archibald, somewhat on the same lines here—I do not want to interrupt the discussion on the topic with which you are dealing—but I have had some letters sent to me with respect to Bangs disease, with respect to the necessity of taking steps to control it more effectively. Could you tell us the work the department are doing in that regard? What success has been achieved in the direction of control measures?—A. Really Dr. Swain is the one who could best answer that question. With our facilities on the experimental farms, where we have 25 cattle, we naturally run into difficulties of that kind at times. In fact when I came to the department of animal husbandry, one of the first things we had to face was that; and we have been very closely associated with all the curative measures. We have cleaned up the disease on our experimental farms—with the exception of two which have been left as controls or checks. The research work in that connection has been done by animal disease research laboratories at Hull which first perfected tests for identifying this disease. I may say that we on experimental farms have chosen to control this disease by the process of extermination or isolation. More recent work done by that laboratory is on calfhood vaccination. That has been valuable and it has been done very much along the lines that have been adopted by the United States department. The vaccine really sets up the disease in the calf, and a reaction is established which has the effect of immunizing the animal effectively.

Q. Is there anything the department does in respect to its control such as is done in connection with the tuberculosis work?—A. Yes, testing is done—but without compensation. Mr. Gardiner would be in a better position than I to speak to you on that point.

By Mr. Evans:

Q. You say that a vaccine has been developed; are you starting to use it?—A. Yes. It really develops the disease in the young calf, but at a period when the calf cannot be a spreader; and a condition of immunity is developed and that immunity is carried for a number of years. We have not a complete record as yet, but it probably often carries right through life even if exposed to later infection.

By the Chairman:

Q. I was going to ask you a further question in connection with the control of such matters as the warble fly, and some of those other pests that are causing a good deal of loss now to horses and cattle in this country.—A. There again Dr. Swaine should be here. We are working in cooperation. To have the warble fly controlled is a matter of community effort. Individual effort is almost helpless or hopeless, but if a community will systematically for two years destroy the grubs by proper washing or spraying the backs of the cattle two or three times in the spring before the warbles drop out there is no question that the warble fly can be exterminated, but there may be difficulties in some communities where deer and other wild animals might be infected with the same fly. The heel fly is really fairly easily controlled. This is a P.F.R.A. matter, and from departmental information available the Agricultural Supplies Board was in a position really to put on a definite campaign this year to see that plenty of derris powder was available and to see under western conditions that high pressure spray pumps were available for community use or for the ranchers which have a large number of animals which could be run through the chutes. I think I am perfectly safe in saying that in considerable areas where ranchers have got together they will have the warble fly definitely under control in 1943 or 1944.

By Mr. Fair:

Q. What system is taken to make available that service to the different provinces and to the different stock breeders?—A. The provinces themselves are largely interested in assistance to the farmers in providing the materials and giving instructions.

Q. That would be the provincial department of agriculture in each province?—A. The province of Manitoba has been very active in this matter and several communities have been cleaned up; but the wholesale adaptation of this method of control in any one province has not yet been undertaken largely because of the indifference of the farmers in many communities. The information is available and the materials might be made available too with provincial effort.

Mr. WRIGHT: There was a big drive in Saskatchewan.

The WITNESS: Yes, there was a big drive in Saskatchewan, and there was a well-organized drive in southern Alberta.

Mr. WRIGHT: The drive in Saskatchewan I believe has been carried on through the municipal associations—most of the municipalities have taken the matter up.

The WITNESS: Yes. I think the provincial effort in Manitoba, Saskatchewan and Alberta is largely through the municipalities.

Mr. ROSS (*Moose Jaw*): I think we ought to move a vote of thanks to Dr. Archibald for the very instructive, informative and interesting matter he has brought before the committee.

The CHAIRMAN: Well, I take it that the motion of Mr. Ross is seconded unanimously, and I say to you, Dr. Archibald, that the committee has appreciated very much your presence here and are grateful for the information you have given. I think I may express the views of the committee in saying that perhaps at some future time we will be able to avail ourselves of your services again.

Now, Dr. Newman, Dominion Cerealist, is here this morning. Probably the committee would be prepared to have Dr. Newman speak to the committee with reference to certain phases of cereal work. I shall ask Dr. Newman to come forward.

DR. L. A. NEWMAN, Dominion Cerealist, called.

The WITNESS: Mr. Chairman, Mr. Minister, and gentlemen, I presume it is your wish that I follow along the line of thought which Dr. Archibald has been discussing and tell you something of the work we have been attempting to do in the cereal division with special emphasis, perhaps, on some of the more recent activities. I suppose you are all pretty well familiar with the work which has been done in the development of rust resistant wheats and oats and so on; Dr. Archibald has referred to that matter. Some of you may not be so familiar with the work that is under way with flax. Flax has quite suddenly developed into a very important crop for reasons well known to all of you. We have been interested in flax, in the quality of the flax and in the quality of the flax oils, during the last three or four years, particularly for two reasons: one, the growing appreciation in the United States of the high qualities and the high drying properties of Canadian grown flaxseed. In that regard there seems to be a definitely growing interest in the United States.

Mr. LECLERC: Are you speaking of flax oil or linseed oil?

The WITNESS: They are the same thing; I am sorry if I confused you. The oil from the ordinary western grown flax produced in western Canada is gaining a rather enviable reputation and we are trying to encourage it. We are finding quite a difference in the different varieties of flax, particularly in

some of those which we have developed more recently, and they are now under test out on the western farms and are showing up remarkably well. The quality or the drying properties of linseed oil are expressed in a figure known as the iodine number. Where the iodine number is high, as it is in some of these new varieties we have reason to believe that this oil will be of a very high quality. An iodine number of 186 or 187 is very good, and when you get two or three points higher than that it is particularly good. We have them now up to 189 and we have some higher varieties. We have two or three under test this year throughout the west which are running up around 190 in iodine number with the oil content also very high—up around 45 per cent in the flaxseed oil.

Mr. Ross (*Moose Jaw*): Are they new varieties?

The WITNESS: Yes, they are under test, and they are being increased. We do not know which of them will be released but we expect one of them, at least, will be. In order to save time we increased all of them so we will have as much seed as possible to release. Five or six years ago we noticed evidences of rust in flax in Manitoba at the farm in Brandon and we decided that sooner or later we might expect an epidemic of rust, and so we started a program of breeding with a design to develop types of flax which would resist this disease, and these particularly high oil content flax types that I speak of—these three that are now under test—are all highly resistant to flax rust. So we have in these new varieties something we think is particularly promising and something which will mean a good deal to western Canada. We are also interested in these new varieties from the standpoint of the possibility of some of them being better for vegetable shortening. A lot of interest is being taken in flaxseed oil as a possible source of vegetable shortening. You can make excellent shortening from it, but there is a rancidity which develops oxidation which is causing a good deal of trouble and which is receiving a lot of attention by a number of organizations such as the National Research Council and the Ontario Research Foundation which are doing good work along with a number of industries such as Canada Packers. In the United States, of course, this matter is receiving a great deal of attention. The problem has not yet been solved, but there is reason to believe that it will be solved before very long. In the meantime we are working on the premises that possibly some of these varieties may lend themselves particularly well to this product—to the production of this product which will initiate steps which we hope will promote this development. In western Canada there are certain zones where flax both as to quality and quantity is particularly good. In the northern sections of the prairie provinces and elsewhere under irrigation we get a particularly good quality and quantity of oil. There is something to be done in the zonation of some of these varieties particularly, and that matter is being looked after in co-operation with the provincial and other organizations.

With regard to wheat work, I do not think I need refer to it.

By Mr. Golding:

Q. Before you leave flax may I ask whether generally the oil content is much higher in the flax grown in western Canada than in the flax grown in eastern Canada?—A. Yes.

Q. What success have you had in producing a better grade of fibre flax? I understand you have carried on experiments in this matter for some time?—A. Yes, it was only last year that that work came under the cereal division—that is the breeding of many varieties of flax for fibre—fibre types. We were given by the fibre division a lot of very interesting materials which we have worked down and which we are using. We have many crosses going on all designed to improve the quality of the fibre. That matter is well in hand and is being advanced as rapidly as possible. We are using, incidentally, in our program some of the fibre types which are long in the stem and we are trying to

develop a longer stem flax for western Canada. These fibre types, as you know, are longer in the stem; some of our western types are a little short. Sometimes, as you know, this western flax will just about reach the top of the pigweed, and we are trying to raise its head well above the pigweed so that the farmer can go along with the combine and get it. I think that this is an important thing.

Mr. Ross (*Moose Jaw*): You say you are putting a cross into the linseed and the fibre flax?

The WITNESS: Yes; but similarly we would like to get into some of this fibre flax a little more production from the seed standpoint. As Dr. Archibald pointed out, one of the difficulties of the fibre flax is that it does not produce seed very well. If we could get some combination there—a greater length of straw into our linseed types for the west and more of the linseed production of seed into the fibre types—we have a nice little program there which looks promising.

Mr. GOLDING: Have you also tried out different types of soil for the production of fibre flax in your experiment?

The WITNESS: Yes.

Mr. GOLDING: And what is the situation now as between the different provinces? Where do you find the soil most adaptable for producing the highest quality of fibre flax?

The WITNESS: Well, I think Dr. Archibald covered that point fairly well yesterday, did he not? I think you will find that all in the record fairly well covered. Are there any other questions with regard to flax?

Mr. EVANS: Has the development of the breaking down of linseed oil to make an edible oil made any progress in the last year, doctor?

The WITNESS: Yes, we have made good progress up to the point where they will make excellent shortening from linseed oil, but the trouble is that when heat is applied you get an odour from this which is objectionable, a sort of rancidity develops. That is what is being investigated now by a number of people in the states and in Canada. That has been the subject of a lot of investigation. There seems to be a difficulty there, but the study is pretty well in hand. At present the matter is being studied co-operatively by quite a number of people from the Research Council, the Ontario Research Foundation, linking up with the different universities, Macdonald college. Professor McFarlane is doing a lot of fine work, and our own people, of course, are doing good work.

Mr. HENDERSON: Does your department strongly recommend the treatment of flax?

The WITNESS: Yes. It is found that there develops sometimes almost invisible little cracks in the seed which allow organisms in the soil to penetrate and that affects germination very much. They have found that the germination of seed which, apparently, looks quite good, may be increased appreciably—quite appreciably, by a proper treatment with one of these mercuric dusts. The lab at Winnipeg—the rust research lab did some fine work on that matter last year which was very conclusive.

Mr. Ross (*Moose Jaw*): Have you anything to say with regard to safflower?

The WITNESS: Safflower, as Dr. Archibald pointed out, does not look too promising as a crop, generally speaking, but there are a number of types. We brought in types from all over the world. We have under test two or three that may have something, but we cannot say very much about that yet. Last year was the first year that we really made any extensive tests, and there are some problems there in connection with the fertility of the seed itself that have to be investigated. The production of seed has not been so very high. In one or two places it has not been too bad; in Lethbridge, for instance, there have been fairly

good returns and at Morden the return has been fair, but at other places the results are poor. The oil comes in between soybean and linseed oils as regards quality, but there is nothing at the moment to make us very optimistic about safflower.

Mr. GOLDING: With regard to fibre flax seed, you are not getting nearly the quantity per acre now with the modern machines that you did before, are you?

The WITNESS: Well, we are attempting to utilize the fibre as well as the seed and you are bound to lose some of the seed. If you grow fibre for seed naturally it is with the intention of getting all the seed you can. At best you cannot figure on more than half of what you will get with the ordinary linseed types that you grow in the west, but there are some of the new varieties that are really showing up very well—J.W.S. for instance. A fibre flax that became very badly mixed in the country is a good seed producer, but with a little selection we may get something out of that that will produce a fair amount of seed and a pretty fair quality of fibre, at least, we are hopeful.

There is work being done in developing types of wheat capable of resisting the sawfly in Saskatchewan, Manitoba and Alberta. That is, perhaps, not so well known, but it is rather interesting. That work is being concentrated largely at the station at Swift Current which is, I suppose, in the heart of the sawfly area. That is being tackled by crossing some of our better wheats, our leading wheats, on some foreigners that have come in and are capable of resisting the sawfly, chiefly because of the thick walls of the stem. The sawfly can penetrate but the mortality in those stems is very high on the larvae and they find it hard to work out from the node between the internodes. They will fight through but if they do live they find it hard to cut their way through. If they do cut their way through the stem is still thick enough to hold up the head. We are using some of this crossing on wheats, like Marquis and such wheats as Thatcher, Regent, Renown and so on, working in co-operation with the entomologists on quite an extensive scale. As a result of that program we have a number of wheats under test this year at a number of points in the country, right in the heart of the sawfly territory, as well as on some of our branch farms. We are looking forward with a lot of interest to the results. The quality of some of this has to be explored, but in preliminary tests the quality looks quite good. In frost hardness and drought, these two seem to be linked together pretty well. We find, for instance, that those wheats which carry the blood, so to speak, of our stronger wheats are usually more resistant to both drought and frost—spring frost—than those who do not carry it; so we are incorporating in to a lot of our better spring wheats the blood of wheats like Canus and Reliance which are a cross between winter wheat and spring wheat, and they found that where frost was so common in parts of the west that some of these new types had shown a lot of promise and they come right along without any set-back which has the final result of making them very late, if they are not completely destroyed.

The work we have been doing in connection with the development of vitamin flour is probably a matter of considerable interest and should be, I think, in that we have in our Canadian wheat a type of wheat which lends itself particularly to the development of a flour which can carry much more of these vitamins that cost so much money to buy at the drug stores than do some of the wheats of other countries. For instance, we have found—and there is an article going out on this—that there is quite a definite relationship between a high protein and a high vitamin content, and we are hoping to make the most of that. We are telling our old country friends who are become very interested in this that we are now breeding not only for high protein but for high vitamin, and we are hearing from them quite often. The British Research Association and the British and Irish Millers' Associations are very interested in this matter. One thing that has probably promoted that interest more than anything else is the very recent discovery made, which was first suggested by ourselves and then developed by the research association in England and then by our own lab, that the little pocket which carries the germ

of the wheat called the scutellum, and which weighs actually about as much as the germ, is immensely more rich in vitamin B-1 than is the germ itself, and that has stimulated a lot of interest among our own millers who have become quite intrigued with the thought that this germ which has been condemned because of the fact that it was supposed to contribute poor keeping qualities to the flour and was not a fraction of the kernel which they needed to worry about most—the scutellums is very many times more rich in vitamin B-1 than is the germ itself; and so at present the commercial mills are seeing what they can do to extricate more of the vitamin B-1 particularly from the wheat kernel than is possible by the ordinary system of milling. That is quite a big question and has been written up pretty well, and I take it that you do not wish me to go into detail about it, although I shall answer any questions you wish to ask.

The CHAIRMAN: In what way did you have in mind utilizing this vitamin B-1 content?

The WITNESS: In retaining more of it in the wheat flour produced by milling and making our wheat more valuable from a nutritional standpoint and, perhaps, making it commend itself more to the markets of the world because of its high nutritional properties.

The CHAIRMAN: I had in mind that you might be thinking of attempting to extract it for some other use, and I was wondering what the reaction might be on the value of our own flour. It looked to me as though that would detract from our own flour?

The WITNESS: We have found how we can quite easily produce a wheat flour carrying about five times as much B-1 as is carried in the ordinary flour formerly made; and there is this rather important point that you can easily calculate this. Vitamin B-1 or thiamin hydrochloride costs 47 cents a gram at the present time when you buy it at the drug store or if you buy it for synthetic use as they do in the United States to put into their flour instead of milling it out of the wheat. Now, you can save at least 5 cents a barrel by milling wheat in a way that will extract what has been found practicable to extract from the wheat kernel. That is, we get ordinary flour used for bread making which carries about 160 international units of B-1 to the pound—I will not explain what international unit means but keep that figure in mind—and we can easily get 400 in ordinary bakers' flour; in the patent flour used for housekeeping use there are only about 75 to 100 units to the pound of flour compared with 400 which we can get from this flour. Now, from every barrel of second patent flour made for the commercial making of bread you lose 5 cents worth of thiamin. It disappears in the shorts, chiefly. A mill making 12,000 barrels of flour a day, such as the Maple Leaf Mill at Port Colborne, would lose over \$600 worth of thiamin hydrochloride going into the shorts. Our authorities on animal feeding tell us that the pig does not require that; the pig gets about six times as much vitamin B-1 as it needs in the coarse grains which are used as the basic ration. Cows and sheep synthesize B-1 in their own bodies, so they do not require it. So this is actually lost. What seems to be well worth thinking about is that we are losing by the ordinary system of milling around 5 cents a barrel. That may not seem very much, but when we multiply that by a few million it runs into quite a lot of money from that standpoint. When we are trying to devise ways and means of saving and of utilizing agricultural wheats there is a waste there that might well be avoided and there is something that might be made use of.

Mr. HENDERSON: It is not only a financial matter but it is also important as regards health.

The WITNESS: Yes. The modern tendency has been to refine our foods and to take out a lot of things—to denature, so to speak—and the result has not been very good on the health of our people. You will hear from Mr. Davis

with regard to some of the work we have been doing on barley and peas and so on.

The CHAIRMAN: Are there any questions which the members would like to ask Dr. Newman?

By Mr. Wright:

Q. Did you say that Mr. Davis would answer questions with regard to barley?—A. No.

Q. Are you prepared to? What work has been done in the department with regard to rust resisting barley for malting purposes?—A. A great deal of work has been done. Of course, the development of smooth awns has been to the fore, but, unfortunately, the smooth awn types, as a rule, have not been popular with the maltsters; they do not want them. There is a looseness to the hull which makes a loose malt. Up to date no smooth awn malting barley has been developed and introduced in the commercial scale. There is one smooth awn type which has the approval so far of the maltsters—that is a new one—that is being investigated this year. It is being increased this year, and they would like to get a carload quantity in order to make a final test. That is the first smooth awn barley that they would accept in the commercial test which they propose to run. If these tests are as satisfactory as the preliminary ones have been they will be glad to put their seal of approval on it.

Q. Has any work been done in developing a stronger neck barley that will stand up for combine purposes?—A. Yes, there are a number of these barleys that are being tested for that purpose. There are some that are coming out pretty well now—Sanalta, in Manitoba; this is becoming very popular, and in the Summerside area of Manitoba and also in southern Alberta. That barley is being propagated; the foundation stock is at Lacombe station. It has a strong neck, is tall, rather late, a two-row variety. It has not been investigated for malting particularly yet. I doubt if it will be, because our malting system is geared to handle the six-row type which produces a little different type of malt and is the one that everybody went into.

Mr. ROSS (*Moose Jaw*): Is the Prospect of strong quality?

The WITNESS: No, Prospect is tall, it is a good smooth awn type, it has not any particular malting properties.

Mr. ROSS (*Moose Jaw*): How is it for combining?

The WITNESS: It stands up fairly well because it is not very tall; it is a little on the short side.

By Mr. Rickard:

Q. With regard to vitamins has any research been made by life insurance companies and milling companies, or do they work in conjunction with your department?—A. Yes, very much so. We have found very good co-operation from the milling and baking industry, and the life insurance people are very keenly interested in this work.

The CHAIRMAN: Do you know about the type of barley that is grown in North Dakota for malting purposes and whether it is any different from the type we grow in this country?

The WITNESS: Yes, there is Wisconsin Pedigree 38 which is a smooth awn type. In the states they are not so particular as we are here, and that is probably due to their different extraction system.

Mr. LEGER: Would you tell the committee the varieties of oats that are smut and rust resisting?

The CHAIRMAN: For the maritime provinces?

Mr. LEGER: Yes.

The WITNESS: In the maritime provinces the variety called Erban has established itself quite strongly because of its resistance to leaf rust. It is not resistant to stem rust. But it is resistant to the forms of leaf rust and also to smut. It is resistant to both loose smut and covered smut, and we have a cross going on now. It has been under test for the last two or three years and is being increased—a cross between Erban and Vanguard which combines the leaf-rust resistance of Erban and the stem-rust resistance of Vanguard, and that is looking well—exceptionally well,—though in tests recently completed it seems to be rather high in protein content, which is all to the good.

Mr. LEGER: Does Erban yield as much as other varieties?

The WITNESS: Yes, on the basis of tests. That is in the maritime provinces, conducted on our farms there; but in local tests in the country we recommend Erban at present as deserving of first place in most places.

By Mr. Rickard:

Q. Does that apply to Ontario as well?—A. In eastern Ontario, particularly, there are certain areas where leaf rust is particularly liable to occur. Those have been pretty well mapped out. We recommend Erban. In other areas we recommend Vanguard because the stem rust is more prevalent.

Q. We find in our section that Erban is perhaps the best we can grow.—A. Yes.

By Mr. Leger:

Q. What variety of barley would you recommend for the maritime provinces?—A. In the maritime provinces we have not anything very much better, year in and year out, than Charlottetown two-row barley.

Q. How does that compare in yields with the other varieties?—A. Well, I would say it is one of the best; it is about the best on the average so far. There are some newer ones that are looking promising, but until we get a little more results on them we cannot say definitely.

Q. It is a six row variety.—A. Is it a smooth awn barley?

Q. I could not tell you.—A. We evolved a six rowed smooth awn barley—it is an early variety called Olli.

Q. Is it rust resistant?—A. None of these are.

By Mr. Rickard:

Q. What has been your experience with Nobarb barley?—A. It is one of the best smooth awned barleys for your district. It is very good barley for the district to which it is suited.

By Mr. Soper:

Q. What would you consider a fair yield of Erban oats in the maritimes?—A. Well, you mean how much better it would be than say Banner—I suppose it might run from 10 to 15 bushels, but in a year when you had rusts you would get a big jump on Banner. If you had no rusts there would not be as much difference. We get these things occasionally.

By Mr. Leger:

Q. What type of buckwheat do you recommend for the maritimes?—A. The maritimes may grow some of this rough buckwheat—that is a rough buckwheat—and some Japanese, and some black, and silver hull—I would think they were about the best to recommend.

Q. Is there a buckwheat now with a bright straw?—A. Yes, that is a fairly new Red Straw as it is sometimes called. That was selected by some farmers who found it particularly suitable for light grades of soil.

By Mr. Rickard:

Q. What kinds of wheat do you recommend to grow in mixed grain?—
A. We do not recommend the growing of wheat with barley and oats in view of the fact that our tests show that where you include three grains in the mixture almost invariably you depress the yield; but if you are not worried about the total yield per acre in your area a variety like Coronation, which is rust-resistant would go very well with Erban and Nobarb.

Mr. RICKARD: It makes a swell feed.

The WITNESS: Yes, of course, but you do not get the number of pounds per acre.

Mr. LEGER: Would you recommend a mixture of barley and oats?

The WITNESS: They should make quite a desirable mixture on even ground—that is barley on really good ground that is in a good state of cultivation and fertility will yield more pounds per acre than oats usually, generally speaking. But if you have uneven ground, depressed barley does not stand wet feet very well; but on even ground as regards fertility you may break a little better than even by growing a mixture of the two; and that of course is very common practice—with a variety of oats suited to the district and barley suited to it, you might reasonably expect to get a return of about fifty-fifty each.

By Mr. Wright:

Q. In the northern district of Saskatchewan, I think in parts of northern Saskatchewan, Thatcher wheat was severely infected with leaf rust, and I think it reduced the yield easily by 10 bushels an acre. Is the new variety of Thatcher more resistant to leaf rust than the original?—A. The selections out of Thatcher which have been combined with more resistant varieties have resulted in some newer types which are much more resistant than Thatcher. Thatcher itself was very susceptible to leaf rust.

By Mr. Leger:

Q. Do you think Thatcher wheat would be best for the maritimes?—
A. No, I think it would be about the worst. It does not do well in the maritimes for some reason or other. Coronation is one—

Q. I tried to grow Coronation for three or four years on my farm and I had no results from it at all, I then tried Huron and that gave much better yields.—A. Huron and Coronation where there is no rust compare very closely. Where there is rust, as so frequently happens in your part of the country, Coronation is much the better.

By Mr. Rickard:

Q. Could you tell us what is a fall wheat for our district?—A. You are speaking now of your district, Durham; it is pretty hard to beat Dawson's Golden there—it is of a very good quality for pastry use.

The CHAIRMAN: I am sure the committee is very much indebted to Dr. Newman for the information he has brought here this morning, and I desire to pass on to him the thanks of the committee. I hope that we may have the privilege of having him before the committee on some future occasion.

The WITNESS: Thank you, Mr. Chairman.

The CHAIRMAN: Now, gentlemen, with respect to continuing the information before us, I imagine that the discussion of the dehydration of fruits and vegetables will take some little time; what is the wish of the committee, shall we adjourn now?

Some hon. MEMBERS: Yes.

The Committee adjourned at 12.50 o'clock p.m. until Tuesday, July 6, at 11 o'clock a.m.

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No. 14

(SESSION 1943)

(HOUSE OF COMMONS)

(STANDING COMMITTEE)

ON

(AGRICULTURE AND COLONIZATION)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

TUESDAY, JULY 6, 1943

WITNESSES:

Mr. M. B. Davis, Dominion Horticulturist, Experimental Farms.

Mr. C. C. Eidt, Assistant in charge of Fruit and Vegetable Products,
Central Experimental Farm.

Mr. L. W. Pearsall, Secretary-Manager of the Meat Board.

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943



MINUTES OF PROCEEDINGS

TUESDAY, July 6, 1943.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Black (*Chateauguay-Huntingdon*), Cardiff, Cloutier, Cruickshank, Dechene, Donnelly, Dubois, Evans, Fair, Fontaine, Furniss, Gardiner, Golding, Gregory, Hatfield, Henderson, Leger, MacKenzie (*Lambton-Kent*), McCubbin, McNevin (*Victoria, Ont.*), Matthews, Mullins, Perley, Rhéaume, Ross (*Souris*), Ross (*Moose Jaw*), Soper, Tustin, Ward, Weir, and Wright.—31.

In attendance: Mr. M. B. Davis, Dominion Horticulturist; Mr. C. C. Eidt, Assistant in charge of Fruit and Vegetable Products, Central Experimental Farm; Mr. L. W. Pearsall, Secretary-Manager of the Meat Board and Mr. R. S. Hamer, Director of Production Service, Department of Agriculture.

The minutes of the last meeting were read and on motion of Mr. Wright, approved.

Mr. Davis was called. He dealt with the subject of dehydration and was examined. He was followed by Mr. Eidt who explained the mechanical operations involved in the dehydration process.

Mr. Pearsall was recalled and further examined on the marketing of beef.

On motion of Mr. Golding, the Committee adjourned at 1.15 o'clock p.m., to meet again at the call of the Chair.

A. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 6, 1943.

The Standing Committee on Agriculture and Colonization met this day at 11 o'clock a.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: Gentlemen, if you will come to order we will proceed. This morning we are continuing with part of the discussion that was under way last week. The gentleman who is appearing before the committee this morning is Mr. Davis, who is the Dominion Horticulturist and who has been paying particular attention to the question of dehydration. Are the committee prepared to hear Mr. Davis now? I might say that he has with him Mr. Eidt who is an engineer with the department. If there are any details from an engineering point of view that the committee might wish to ask questions about he will be available, and I am sure, willing to give any additional explanation that the members of the committee might wish to have. Is the committee agreeable to hearing Mr. Davis continue the discussion on dehydration? If so, I have pleasure in introducing Mr. Davis to the committee.

M. B. DAVIS, called.

The WITNESS: Mr. Chairman and gentlemen: I do not think I will take a great deal of your time this morning. I merely intend to elaborate on a few points that were brought out in your previous discussions particularly with reference to certain questions which were asked and at that time not answered.

The dehydration of fruits, particularly apples, has been of long standing in this country. The product which is being produced to-day is vastly superior to that which was produced a few years ago. I believe one question that was asked was in connection with the comparative costs of dehydration and canning. Dr. Archibald the other day stated that dehydration was the cheapest form of food preservation. I intend to give you some figures as to the relative cost of processing apples by dehydration as compared with the canning of apples. One pound of dried apples—that is, at 24 per cent moisture—costs 3.15 cents for processing. That is not allowing any cost for the product itself.

By the Chairman:

Q. That is for the dehydration process?—A. That is the entire process of dehydration and packaging. Those are the 1939/40 figures. I am going to use the 1939/40 figures for comparison because we have very complete data.

By Mr. Donnelly:

Q. That 25 per cent is the moisture before it is dried?—A. No, when the apple is finished. When the completed product is ready to market it has from 22 to 24 per cent moisture in it. Originally it had about 85 per cent moisture. There is about 15 per cent solids in apples, roughly speaking. To put them up in the so-called gallon can, No. 10 can, or 105 ounce size, it costs 13.66 cents for a can. To interpret these results and to compare these 1939/40 figures you will require the following; one barrel of fresh apples—that is, raw apples—delivered at the factory produces from thirteen to fourteen pounds of dried apples. Another figure that you will want is that 6.3 pounds of prepared apples—that is, the apple after the core and the skin have been removed—is equivalent to one pound of dried apples. That is the ratio. In a 105 ounce can you have 94

to 96 ounces of raw flesh. That is, flesh with the skin and the core removed. If you take that 94 ounces as approximately six pounds, for easy figuring, you will find that it costs 2·33 cents a pound of the fresh apples to put them in the can. Every pound of fresh apples that goes into the can costs 2·33 cents to process. That is approximately correct.

By Mr. Ross (Moose Jaw):

Q. That is without the cost of the apples, just the processing?—A. That is correct. If you figure it only costs 3·15 cents a pound for drying apples and figure that back on the fresh weight basis—one pound of dry is equal to 6·3 pounds of fresh—you will find it is only costing you half a cent a pound to process raw apples in dry form as against the figure of 2·33 cents to put them in the can.

By Mr. Donnelly:

Q. That is counting the container and all?—A. Yes, that is the comparable cost.

By the Chairman:

Q. That is not counting the containers?—A. Yes. In the case of the can it costs between 7 and 8 cents for the can alone, and all your other steps in the processing are practically the same. You have got to pare them; you have got to core them; you have got to either slice them or segment them, and you have to use heat. You use some heat in driving the moisture out of the apple but then you save a great deal on your package and on top of that you save freight which it not figured here because this is just the cost at the factory, so that your comparable cost is half a cent a pound on the fresh weight as compared with 2·33 cents in the can.

By Mr. Tustin:

Q. Is it necessary to put these apples in a can after they are processed?—A. That is dried apples?

Q. Yes.—A. Not unless they are destined for tropical countries in which case we would dry to a lower moisture content than 24 per cent. The 22 to 24 per cent moisture content, which is the moisture content of the bulk of our Canadian apples, is quite satisfactory for approximately one year's storage in a temperate climate such as we have here, but for special orders destined for Bermuda and other tropical countries we prefer to dry down to 10 per cent moisture and then package in a gallon can. That, of course, is a somewhat more expensive procedure than the 24 per cent but even then it is much cheaper than canning them in the ordinary way.

By the Chairman:

Q. What kind of container do you ordinarily use for these dehydrated apples?—A. The ordinary container that has been used up until recently was simply a wooden box called a shook. The material was pressed into that so that the shook contained about fifty pounds of dried apples. Since the war started it has been difficult to get shooks so they have been putting them into heavy cardboard containers containing twenty-five or fifty pounds, pressing them in the same way, and it makes just as good a package. It is wire bound. It is quite satisfactory for export. Recently small lots have been put up by lining with a moisture-proof lining which is made out of laminated material. It is a foil material, one layer of kraft, one layer of asphalt, one layer of metal foil, and that is protected again by a layer of kraft. That makes a fairly expensive package but it only adds a fraction of a cent to the cost, but an ordinary wooden shook, fifty pounds to a shook, is the package that is employed.

Q. In the case of apples is there any difference between the nutritive content of the dried apples as compared to canned apples when the product is finally marketed?—A. No. Dried apples as they are being produced to-day will give you as good a refreshed product as regular canned apples.

By Mr. Ross (Moose Jaw):

Q. Better, are they not?—A. I would not say they are better but I have been using them in my house for the winter and my wife tells me she would just as soon use dried apples to make pies, tarts or apple sauce as any fresh apple she can buy after the first of February.

Q. That is what I mean. They are just as good as the fresh apple?—A. Yes, and I notice we are using them right along at the house in preference to the fresh apples that have been on the market within the last two or three months. On that point there is a matter I would like to bring to your attention, and that is the value of dried apples. The dried apple industry in this country was originally built around the old evaporator in which the product that was made was tough and was not a good keeping product. It was generally based upon a surplus of very low grade apples for which they paid anywhere from 30 to 60 cents. I think about 70 cents a barrel was the top price. When we improved the quality the price of the finished product does not seem to have increased to the point where it should have. For easy figuring you can state that five pounds of dried apples is equivalent to one bushel of fresh apples. You very seldom can purchase in the city of Ottawa a bushel of fresh apples for \$1.50, but if five pounds of dried apples are equal to a bushel of fresh apples you can afford to pay 30 cents a pound for our present dried apples and you would be getting fresh apples at \$1.50 a bushel. That is, 30 cents a pound retail. If you paid 30 cents a pound retail the primary producer could get from \$2 to \$2.35 a barrel for his apples instead of 60 to 70 cents which was the price he enjoyed prior to hostilities of the present war.

By Mr. Soper:

Q. Sixty or 70 cents a barrel?—A. Yes, that is all the dehydrators were able to pay because dried apples ordinarily retail at anywhere from 10 to 15 cents a pound. I know they are retailing to-day in Ottawa for 15 cents a pound. When you buy apples at that price you are buying apples at the equivalent of 75 cents a bushel.

Q. Where did they ever buy apples at 60 to 70 cents a barrel?—A. In Nova Scotia from the surplus of 500,000 or 600,000 barrels of apples; normally that is about what they paid for them.

Mr. CARDIFF: What quality of apples?

By Mr. MacKenzie:

Q. Windfalls?—A. No, some of them would be domestics, some of them bruised apples which, if they went to the processing plant fairly speedily, as they did, would produce a good quality of dried fruit.

By Mr. Cardiff:

Q. What quality of apples do you dehydrate?—A. Right at the present time we are dehydrating in Nova Scotia the best. That is, we are dehydrating graded apples; that is, domestics and No. 1's because of the loss of the export market overseas, but during normal times they would probably only dehydrate the small size of No. 1's—that is, anything around 2¼ to 2½ inches—and they would dehydrate domestics which on account of scabs and bruises would not keep in the fresh form long enough to market them in the Old Country. Sometimes they would even dehydrate fairly good apples if the fresh market was glutted.

By Mr. Donnelly:

Q. Are these dehydrated apples on the market in Canada?—A. Yes, they have been here in Ottawa right along.

By Mr. Golding:

Q. At what price?—A. We have been paying at my house 15 cents retail. The point that I should like to leave with you is that that is about half what these are worth.

By Mr. Cardiff:

Q. What percentage of the 1942 crop was dehydrated?—A. That really comes under Colonel Wheeler, but I think I can guess at it fairly well. In Nova Scotia they produced last year about 13,000,000 pounds of dried apples. They must have dehydrated at least 80 to 85 per cent of their crop last year on account of the loss of the English market.

By Mr. Hatfield:

Q. Those are subsidy apples?—A. You can call them subsidy apples. The government bought them at around \$2.35 a barrel, somewhere in that vicinity. As I understand it the government paid the processor or paid the Nova Scotia Apple Marketing Board a certain figure for dried apples, and they in turn purchased the raw apples from the growers at a figure which is pretty close to \$2 to \$2.35.

Q. At \$2.25 what would it cost a pound for dehydrated apples?—A. In the vicinity of 23 to 24 cents, including everything.

Q. After the processing was paid for?—A. Yes, everything.

Q. What price did you sell those apples for to the British?—A. I do not know that. Mr. Hamer is here. He can answer that better than I can. That angle does not come under my division. We simply look after the technical end of the processing. We are interested in this one thing; we feel there is an opportunity to make the dehydration industry of real value to the primary producer. We have gone to the expense of putting the quality up right at the top and we are interested in seeing that dehydrated apples are not sold at half their actual value. That is what is being done to-day.

By the Chairman:

Q. Is there any educational work being done to acquaint the housewife as to the relative value of these two products?—A. I do not know that anything much in the way of educational work has been done. Since the start of the war we have not had dehydrated apples available on the Canadian retail market until this year. They have all been used overseas, but educational work along those lines would be of value.

By Mr. Hatfield:

Q. Has your process of dehydration improved 100 per cent in the last two or three years?—A. Yes, I would think so because present methods of processing will give you an apple in which practically all the core and seed cells have been removed for one thing. Their moisture content is nearer correct than it ever was; practically on the nose now. Furthermore, with the re-sulphuring methods that we have, you can practically guarantee a year's keep under ordinary storage conditions.

Q. You still have the two methods, the evaporator and the dehydrator?—A. Yes. Most of them are now dehydrated; the bulk of them.

By Mr. Soper:

Q. Evidently the producer is not hand-picking his apples. It is just a shake-off proposition?—A. Under our present system apples are sold on their

grades just the same as they do in normal times when the dehydrator is only taking the surplus. Actually a lot of windfalls do go to the evaporator and they are just as good if they are handled immediately.

By Mr. Hatfield:

Q. Then your price of dehydrated apples is practically the same as it was under the old method although the method has improved?—A. The price has not varied a great deal. That is correct. The old retail price used to run around 12 cents and it is now 15.

Q. Is there any reason why your price should not advance with your improved methods?—A. I cannot answer that question.

By Mr. MacKenzie:

Q. Is it the competitive basis that keeps it down? What does it compete against?—A. The foreign market was based on a competitive price, that is true, but we were not sending as high a grade to foreign markets prior to the war as we are now putting up.

By Mr. Donnelly:

Q. Do you not think it is because the common people were prejudiced against dried apples?—A. There is a lot in that prejudice on account of the old quality they were accustomed to.

MR. HATFIELD: There should be a campaign put on to educate them as to the improved methods and show them the improved methods.

THE WITNESS: I think it would pay dividends.

By Mr. Tustin:

Q. There is a small can of apple sauce put up that sells for about 15 cents a can. It is a very fine product but it seems to me that is a very expensive way of packaging that product. Could that not be put up in a cellophane package or something like that?—A. To-day cellophane is very difficult to get. In normal times it would probably be a cheaper method of doing it that way. I suspect the reason for that is the difficulty of getting packages at the present time.

Q. You would say that was a good way?—A. Cellophane would be cheaper and quite as satisfactory.

By Mr. Wright:

Q. Would it not be a fact that you have no way of judging whether the consumer would pay more or not because of the price ceiling? The price ceiling was on when you brought in your new process and naturally you cannot raise the price.—A. I presume that is a factor.

Q. And the consumer cannot pay more as long as the price ceiling is there?—A. No.

By the Chairman:

Q. There are not many of these apples available for the Canadian market, anyway?—A. Yes, there were between 1,000,000 and 2,000,000 pounds supposed to be made available this year for the Canadian market. Another question that was asked the other day was something concerning the length of life of dehydrated vegetables. I should like to say at the outset that very marked progress has been made in the processing of dehydrated vegetables since the war started. The dehydrated vegetables that were put up during the last war were an entirely different proposition to those that are being put up in this war. It is due to two things. One is the pre-processing treatment which we now give. Formerly most of the dehydrated vegetables were simply washed, pared or stripped and then cut and dried raw and no attempt made to inhibit the action or slow down the

action of the enzymes by any heat treatment prior to the drying. To-day we prepare vegetables by washing, slicing, dicing or stripping. Then they are blanched or pre-cooked for a few minutes until the enzymes in the product are practically killed. That prevents rapid deterioration of the product after it is dried. In addition to that the products which were put up during the last war ran from 8 to 10 per cent moisture whereas now most vegetables are running 5 per cent with the exception of potatoes where we allow about 6 to 7 per cent moisture. Those two factors have gone a long way towards improving the keeping quality of the vegetables. Furthermore, by adopting steam blanching as against water blanching for all products except potatoes, we are able to retain a large proportion of the vitamins in the product. Then again, packaging methods, whereby we package all vegetables with the exception of potatoes, beets and onions in carbon dioxide gas to prevent further oxidization, give you a product with a reasonable shelf life under ordinary storage conditions.

By the Chairman:

Q. Are your apples also pre-cooked a little?—A. No, the apples are not. They are just done raw because apples contain a high percentage of sugar and acid and they do not require blanching to the same extent although there are possibilities in that direction and that is under investigation now. We will take carrots. With the processing and packaging as recommended, and stored in ordinary warehouses, you can expect at least nine months actual life. When I say actual life I mean a life whereby the edibility of the product and the food value of the product is of a high order. It can have a lot longer life than that and still be edible but that is by our standards which are pretty strict. We would not hesitate to state that carrots at the end of nine months under ordinary warehouse storage conditions in any part of Canada would be a first-class product from the standpoint of food value and edibility.

Turnips—you can expect a year's life; cabbage—you can expect a year's life. And if you put them down at 40 degrees, two years; because we have them in store here at Ottawa at around 40 degrees that have been here sixteen and seventeen months, and they are in just about as good a state as when they went in. Potatoes—at the same temperature we would expect at least nine months, life on them.

By Mr. Ross (Moose Jaw):

Q. That is at a temperature of 40 degrees?—A. No, that is under ordinary storage.

By Mr. Wright:

Q. Does freezing have any effect on the quality?—A. No effect at all, you can store them below zero. High temperatures, around 90 degrees to 100 degrees are the only difficult proposition we have; and we do not get that in this country for any length of time; it is only in the tropical countries that we are worried about that.

By the Chairman:

Q. What do you consider in this matter as a normal temperature?—A. In the neighbourhood of 75 degrees.

By Mr. Cardiff:

Q. What size of package do you use for potatoes?—A. Five-gallon tins. You might be interested in a statement as to the quantity of the various products that goes into these tins; we get 15 pounds of dried carrots to a tin; on cabbage, we get 10 pounds; on onions, 15 pounds; on turnips, 15 pounds; on beets, 15 pounds

and 15 pounds of potatoes—that is in the five-gallon tins, hermetically sealed and gassed in the case of carrots, turnips and cabbage.

By Mr. Golding:

Q. Are any of these vegetables now on the market and available to the housewife?—A. They are not available to the housewives in any great quantity because the bulk of the crop is being processed practically entirely for the use of the armed forces. There are one or two firms who spasmodically put out small packages; but the distribution to the housewife has not as yet taken on any great importance; and undoubtedly if dehydrated vegetables are to be sold to the housewife the package angle will have to be looked into and improvements made. Possibly the improvement will be made in the direction of compressing the dehydrated product into small packages, which can be done, and machines are now being constructed for that purpose. The results of our efforts in the direction of packaging will largely determine whether the housewife will be able to get this material at a price which would make it economical or possible for her to purchase it at certain times of the year.

By Mr. Donnelly:

Q. Do you put all your dehydrated vegetables into wooden boxes?—A. The dehydrated vegetables are all put into five-gallon tins and hermetically sealed.

Q. Yes, I was wondering how you kept the gas in them.—A. They are hermetically-sealed tins used for the dehydrated vegetables.

By Mr. Leger:

Q. Would you be good enough to tell us if there is more than one process used in connection with the peeling of potatoes in preparing them for dehydration?—A. Yes—the gentleman has asked if there is more than one process now in use in peeling potatoes. There are several processes. We so far have only used one, and that is what we call the abrasive method, in which the potato is placed and by means of a carborundum side and being rotated around in water the skin is removed by abrasion, and after that it goes to a trimming table to have any digger mark and eyes taken out. Some firms in the States have been using a lye-peeling method and we are not recommending that because we have not yet seen a sample of lye-peeled potatoes that would grade fancy. Lye causes some discoloration. We can in the laboratory do it, but in practice we have yet to see a sample which would grade fancy; and besides that there is the personal risk in the use of lye and we do not recommend it. There is another firm in the States using a method that does look hopeful; and that is by subjecting the potato for a very short time to a high steam pressure which softens the outer part and permits the skin to be removed by soft abrasion and rotation in a drum without doing any harm to the potato; and it looks like a perfectly practicable method. We have not tried it commercially. In this country at the present time it is all done by the abrasion method.

Another question that is sometimes asked us is in connection with the comparable food value of the dehydrated product and the fresh. Naturally, there is no form of processing which gives you as high a food value in the finished product as you get in the fresh product, if you can get it fresh. What I mean by getting it fresh is this, if you can go out into the garden or field and get it directly you have a higher food value than you can get from any form of processing.

Let us take potatoes, for instance; they afford a very good example and they are comparable for two things in addition to their carbohydrate value, that is, that they have a very high vitamin B value and they have a very high vitamin C value in the early part of the year. Through processing we do not lose any of the vitamin B₁. It is all there, just as much in the dried as in the fresh; but we do lose from about 30 per cent to 40 per cent of the vitamin C.

On the other hand you take potatoes that you harvest we will say in October and you store them through until March or April and you have lost in ordinary storage, no matter how carefully you store them, most of the vitamin C value. So that if you take potatoes and process them during October, November and December, heat treated and then stored, the dried product to-day would have more vitamin C, two or three times as much as the fresh potato which you can buy on the market here—I am talking of last year's potatoes, not the new crop coming in from the States. So that on the whole I think it may be said that these dehydrated products do have a food value, and you know just what you are buying.

And now, with cabbage it is the same story; early cabbage, cabbage processed during September and October from the early varieties, the green leaf varieties, will have a food value in March above the food value of the stored cabbage which you can buy from your grocery store. In carrots, we do not lose any Carotene during the process so dried carrots contain all their food values. With methods properly followed and with proper packaging it has as good value as the fresh carrot which you will find on the open market.

Q. If anyone owns a dehydration plant can they dehydrate all these different products in the same plant?—A. Any one plant should be able to dehydrate the entire line.

Q. I am speaking from the standpoint of machinery?—A. The machinery is the same, with one or two exceptions. For instance, a plant that concentrated on potatoes would probably not have a steam blancher. We use a water blancher for potatoes and all that would be necessary to go ahead and process cabbage would be a steam blancher and a kraut cutter instead of the regular slicer that is used on root vegetables, such as carrots and the like; so the steam blancher and other pieces of equipment would have to be added to the plant for potatoes and then the plant would be equipped to do any line of vegetables; and the rest of the equipment, such as trimming table, tunnel and other equipment would be the same.

By Mr. Ross (Moose Jaw):

Q. Would you explain that tunnel system of drying?—A. Yes, although if it is satisfactory to you Mr. Eidt could do that much better than I. He is the man who originated that particular type of tunnel.

By the Chairman:

Q. May I ask you one question: is the department responsible for the standards of quality that are produced from these different dehydration plants and by these different processes?—A. Yes, the standards of quality come under the Canned Meat and Foods Act which is administered by Col. Wheeler's division under the direction of Mr. S. J. Parry. They have set up in their Act certain government standards for fancy, choice and sub-standard qualities of dehydrated vegetables. These are based upon recommendations and findings from the research department of the experimental farm service. While their inspectors are responsible for the administration of that act; that is, to check the quality of the product at the factories, we co-operate to the extent that we will make for them—speaking now for both science service and the experimental farms because they work so closely together that it is difficult to tell them apart—moisture determinations, sulphur determinations; and we check the vitamin content; and while the inspectors actually do the grading on the basis of the colour of the product, we also keep a check on that at their request and actually do cooking tests in our laboratories.

Q. Are these the standards of the product that are recognized as such?—A. Yes, they are so recognized, and the Act is administered by the department, so that when you purchase the quality should be just what is stated on the

package. We have had excellent co-operation from the various manufacturers; in fact, the Canadian dehydrated vegetables are right up at the top; we do not need to be ashamed of them. We have had very few rejects, very few indeed; we have nothing to be ashamed of in the quality of our dehydrated product these last few years; they are right up on top as far as quality is concerned.

By Mr. Henderson:

Q. I wonder if you could tell us whether these processes could be applied to other fruits and vegetables and apples and those you have mentioned?—A. We have never succeeded in doing much beyond the experimental stage simply because we have not had any surplus product on which to work. There is one product, namely, loganberries from which we have made a very excellent product in a small dehydrator operated on Vancouver Island for a few years; but they did not seem to be able to put the product over with the housewife, probably due to the lack of volume and lack of finance to develop; but it is an excellent product and should hold forth some wonderful opportunities if capital were interested.

Peaches—they have been tried experimentally and very satisfactorily, but we have not had a surplus crop—the canneries have always been able to take care of the surplus.

Prunes—British Columbia—we have dried to the satisfaction of the army authorities, but there again we have had no surpluses available—the fresh market takes most of the stock that is not taken for army use. Our big difficulty in developing the application of dehydration to other products than those under review has been really due to the fact that there has been no surplus.

By Mr. Golding:

Q. What proportion of the vitamin is retained in the cabbage when it is used as sauerkraut?—A. It remains very high, that is a very good method of preserving vitamin C particularly.

By Mr. Hatfield:

Q. What comparison is there between canned vegetables and fruits and the dehydrated types?—A. From what angle do you mean, Mr. Hatfield?

Q. On the basis that we have been discussing.

Mr. DONNELLY: You mean from the vitamin standpoint.

Mr. HATFIELD: Yes, the difference between the canned and the dehydrated types.

The WITNESS: That is, you are speaking with respect to fruits now?

Mr. HATFIELD: Fruits and vegetables both.

The WITNESS: In the case of fruits, it varies with the fruits. I am of the opinion that the dried apple is the equal, quite as good as the canned apple. In the case of peaches, I think the average person would probably prefer the canned peaches although the dried peaches are a mighty good product. In the case of prunes, I personally prefer the dried prune to the canned one; but that again is a matter of taste; although in the case of loganberries, I would prefer the dried loganberry to the canned loganberry and the case of strawberries—strawberries do not dry satisfactorily and do not can well—the only first-class product is the frozen.

By Mr. Hatfield:

Q. What about blueberries?—A. Dried blueberries I think are equal to the canned blueberries.

Q. You would not go so far as to say it was superior?—A. Not always; but I would say of the dehydrated that it is quite the equal. I would just as soon have the dried—I do not think you could tell them apart if I were to blindfold you and serve you a sample of each.

The CHAIRMAN: It really looks as though the people of Canada have not been educated as they should be with respect to dehydrated products.

The WITNESS: I think probably that is the answer, a little more education is required and possibly some control to get the price where it ought to be.

The CHAIRMAN: Have you any further observations to make with respect to what is being done?

The WITNESS: I think that covers all I had intended to say.

By Mr. Wright:

Q. What is the main difference between the fancy and the choice grades in these dehydrated vegetables; is there any difference in the food value or is it just with respect to appearance?—A. No, the main difference would be that the fancy is much better in appearance with less breakage and practically no discoloration, and would have little better keeping qualities due to a slightly lower moisture content.

By Mr. Ross (Moose Jaw):

Q. During the last few years you have been doing this work in your department, now I don't doubt that you find yourselves in the same position as many other parts of the Department of Agriculture—at least, it is the kernel of the representations made to us when people of the department come before us—just what is your position, do you have any difficulty in getting sufficient equipment and sufficient men assigned to you for the purpose of carrying on this work?—A. Yes. Up until the war started it was an almost hopeless proposition. I might give you the history of this whole thing, this dehydration, it did start just after the last war when Dr. Archibald set up a dehydration committee of which he was chairman, and with him were Mr. C. A. McGillvray, who was then the chief inspector and who was his right-hand man, also the dominion chemist and my late chief constituted the committee. And they did have made available to them for some few years about \$20,000 on which to start these dehydration experiments. Well, later, about the time I tackled the job, that was all absorbed in the regular vote. It worked all right the first year but the second year we got clipped, so we endeavoured to carry on and we have been carrying on at Kentville, Ottawa and Summerland by pinching money wherever we could pinch it to keep this work going, but we were never able to build up much of a staff; we had two men at Summerland and one man at Kentville and one man at Ottawa—that is a total staff of four—who were rightly chargeable to what money was left of the old dehydration vote; and everything else put into it was just more or less pinched from some place else. When the war started we had to get assistance—I moved one assistant off other work entirely and I moved two lab. assistants and closed other lines of work, and moved a couple of labourers in and in that way was able to carry on at Summerland and Kentville—and that just meant cutting down our expenditures somewhere else.

Q. If we were to vote you more money you would do better work would you not?—A. Yes, our staff even now is inadequate for the work required of us.

Q. That is a rather general complaint, is it not?—A. But I might say that we are now getting more. Last year the Agricultural Supplies Board made available \$50,000 for use at Ottawa with which we were supposed to get a building to cost about \$40,000, but owing to delays of one kind or another in connection with the erection of the plant the cost kept rising until it rose to

\$46,000; with the result that there was only \$4,000 left to carry on with; and they have undertaken to get some more money for us and I believe that is before the Treasury Board now, and if they do that will fairly well take care of us for the coming year in so far as our immediate needs are concerned.

By Hon. Mr. Gardiner:

Q. What is responsible for the statement you made with respect to the fact that the Canadian dried product stands at the top?—A. I would say, Mr. Gardiner, that it is entirely due to efforts of the departmental officials in first doing a good job of experimental work; and, secondly, in the administration of the Canned Foods Act in co-operating with us in checking up on it; and, the co-operation which the manufacturers are themselves giving.

Hon. Mr. GARDINER: And you are doing that with the little bit of money that has been available to you.

Mr. Ross (*Moose Jaw*): It has been far too little money.

By Mr. Hatfield:

Q. Is it not true that the dehydrated vegetable is much superior to any product that is being put out in the United States so far?—A. I did not get the first part of your question, Mr. Hatfield.

Q. Is it not true that the dehydrated vegetable we are putting out is much superior in quality to anything that has been put out in the United States so far?—A. We have had a good many samples of the American vegetables and we have not had any that we would put up for fancy grade. Of course, I have not seen them all, but we have had the assistant quarter-master general of the United States army up here, and also several of their leading experts, and we have given them demonstrations at Ottawa on our vegetables that have been put up in our factories in different parts of the country and they have told us that we have given them the best demonstration of dehydrated vegetables that they had ever seen.

Mr. HATFIELD: I might say for the benefit of the committee that I had a man in my plant six months ago who had been in all the plants in the United States, and they have between 300 and 500 of them over there—since the war they have built about 300 dehydration plants—and he said that our quality was much superior to theirs; that has been my experience from having been in the United States factories, that our quality is much superior to theirs.

The WITNESS: I think that is true. They pass out what we would turn down.

THE CHAIRMAN: Mr. Ross is going to ask some questions on the mechanics of this dehydration process from Mr. Eidt.

Mr. Ross (*Moose Jaw*): I think we should thank Mr. Davis.

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Mr. Eidt will be able to explain to the committee the mechanics of the operation.

Mr. C. C. EIDT, called.

The WITNESS: I have not very much to add to what Mr. Davis spoke about this morning except a few questions which came up while Mr. Davis was talking that I might be able to answer. The first one was with regard to the dehydration operation. As you know, in the last war, under the old-fashioned system driers were practically the only thing that we used and they just consisted of a box with rows of steam coils and the heat raised by convection through the trays and dried the material. Our contention had always been that the quicker the material could be dried the better the finished quality. For example, we recently completed an experiment on cabbage. In one case

we had a quick blanch and quick drying, and the total loss of vitamin value was only about 27 per cent. In the same experiment that was done the next day with the same cabbage we used a slow dry and a fairly long blanch and the loss of vitamin C was 69 per cent. So that all our efforts have been put to hastening or speeding up the drying cycle. And now, the method we used in the newer tunnel developed by our department in Canada. Our theoretical evidence has been that practically all vegetables and most fruits will stand a very high temperature in the early drying period and that two-thirds of the moisture of the vegetable can be removed in the first hour and a half. For that purpose we developed a tunnel in which we use large volumes of air, 40,000 cubic feet per minute travelling at a rate of around 1,100 lineal feet through the vegetable in a parallel manner. Frayed vegetables are put on trucks exposed to the point where the air enters and travel down the tunnel to continuously cooler temperatures. By using that system, as I say, we reduce the amount of water about two-thirds in the first hour and a half to two hours.

Then, in the final end of drying we find that each vegetable has what we call a critical temperature. That may vary with different vegetables. As a matter of fact, it does. At the final end of drying the moisture comes out comparatively slowly so we have a counter-current tunnel joined on to the end of our parallel tunnel and the food is then moved over into this other section of the dryer. In this section we maintain two conditions. The first condition is that we use a temperature that will not scorch the practically dried material. With potatoes that temperature is around 155 on freshly dug potatoes. By the time we have been operating six months, or on potatoes that have been stored six months, we find we have to reduce the temperature to around 140 or 145. I am speaking of fahrenheit throughout.

On cabbage, which is very subject to high temperature, we use a temperature of 135 or less, depending on the pre-treatment. In addition to using the correct temperature for each vegetable we have to control the humidity of the air. Mr. Davis pointed out that one of the requisites of a good keeping vegetable was that it should be of a very low moisture content. We find from an operational standpoint the only way that we can get low moisture in the finished product is to have very dry air in this end of the tunnel. That is controlled by the amount of fresh air we bring in and for dehydration all the fresh air we use is brought in in the secondary end. I think that may answer that question unless there are some details that you want to know.

By Mr. Ross (Moose Jaw):

Q. When these vegetables are sliced or cut they are then put on trays?

—A. Trays.

Q. Wire trays, and they go through on a truck in the tunnel?—A. Yes.

Q. In layers?—A. In layers, with the air passing through the layers of fruit in a parallel manner at the first end and a counter-current manner in the finishing end which gives you two-way air flow and evens up the drying, and also you run your two sets of conditions to get what we want, quick drying. I might say that in this particular regard the research work on dehydrators is nowhere near at an end because we feel we can still further improve if we can still further hasten the process.

In the old evaporators the drying process used to take anywhere from eighteen to twenty-two hours. In the old slow counter-current tunnel of the Miller type that was developed in Oregon for prune drying we found the best that we could do was about eight to ten hours. Now we are down to about four to five hours for each of the vegetables.

Q. Do you have any difficulty with drying your different types of vegetables? For instance, suppose you were to dry cabbage, we will say, and then turn to drying onions; is there any difficulty there in using the same tunnel?

—A. No, the same tunnel can be used. Where we are drying onions we like to have the tunnel metal-lined because there is considerable odour that can be absorbed from the onions. It is only necessary to wash the tunnel down thoroughly before it is used for another product, but the tunnel as designed is equally adaptable for fruits or vegetables.

Q. What is the total cost of a plant of that kind?—A. It depends upon the construction. The dehydrator itself will cost from \$12,000 to \$14,000 completely equipped to operate, with trucks and trays. One hundred and fifty horsepower is required to run one unit and a 150 horsepower unit to-day will cost around \$8,500, or with automatic firing about \$12,000. Depending on the vegetables that are being dehydrated, meaning this, that if you are only doing cabbage, you only need one line-up but if you are doing, say, cabbage, potatoes and carrots you will need several line-ups, your cost of preparation equipment will run anywhere from \$8,000 to \$14,000. Then you will have to have a building. The minimum size would be about 125 feet by 40 feet, two storeys. Over Canada there would be considerable variation but the cost is anywhere from \$20,000 to \$30,000. The entire set-up for one dehydrator would cost from \$50,000 to \$60,000, including the building.

Q. I suppose your fuel costs are a very large item in the operation?—A. They are a very minor cost. The large costs are your fresh fruit or fresh vegetables and labour. I believe we have some figures right here. These are 1941/1942 processing costs for various plants that were in operation. We will take turnips. The cost of processing in Nova Scotia for labour was 5·7 cents and in Ontario for labour was 14·8 cents.

By the Chairman:

Q. Per pound of dried product?—A. Per pound of dried product. The cost of fuel was 3·2 cents in Nova Scotia and 5·1 cents in Ontario. The cost of vegetables was 14·19 cents in Nova Scotia. As to potatoes, the cost of plant labour—this is the average of the four lowest plants—was 4 cents. The highest plant was 12·4 cents. The cost for fuel was 1·6 cents and 3·3 cents. I have not the cost of vegetables in that case but it would be around 14 to 15 cents a pound.

By Mr. Evans:

Q. How many would normally be employed in one of these plants?—A. It just depends on what operation you are on, but sixty per shift, about one hundred and twenty people.

By Mr. Cruickshank:

Q. Have you the figures for British Columbia?—A. We have the figures for British Columbia on carrots. The figures for labour on carrots were 10·58 cents, office expense ·96 cents, packaging 3·02 cents, fuel 2·76 cents, factory expense general, ·903 and overhead ·58, making a total manufacturing cost of 18·825 cents.

Q. How does that compare with corresponding factories elsewhere in the same line?—A. We have no comparative figures on carrots but I would say that the cost of manufacturing in British Columbia all the way through has been quite reasonable.

By Mr. Ross (Moose Jaw):

Q. In connection with the tunnel I was asking about the construction of that tunnel. What is the tunnel itself made out of? Is it brick or wood?—A. We have used two forms of construction. One is a simple framing built of two by fours using 7/8th of an inch of insulation on the inside, made with any of the good insulation boards, inside and outside sheeting with metal lining.

Some of our plants have been constructed with interlocking tile and they have used an inch of asbestos insulation placed on the inside. That has been very satisfactory.

Q. Where these processing plants are do they generally have big underground storage capacity or warehouse capacity?—A. It depends on the location. In Nova Scotia the apples are kept in the ordinary warehouses and moved to the manufacturing plant as required. I believe that has been true of New Brunswick and Nova Scotia potatoes. The new plants starting at Laprairie, Que., are providing for storage facilities for 600 to 800 tons of vegetables because they feel they have got to get the vegetables out of the hands of the growers to assure themselves of supplies. I do not think, using such a volume of material as you do in a dehydration plant, there is any chance of doing a good job on a surplus basis. You have to have a large volume of product available as you can imagine where we are processing 20 to 30 tons of vegetables per day in one plant.

By Mr. Golding:

Q. What is the average production of potatoes, for instance?—A. One unit will handle about 9,000 pounds a day of dried product; multiply that figure by about $7\frac{1}{2}$ to one and you have the amount of raw material they use per day. Mr. Hatfield is not here but I do not think he would object. I think his average production for last year was 8,370 pounds of dried potatoes per day. Towards the end of the season he was operating at about 9,000 pounds per day.

By Mr. Evans:

Q. About 30 tons of raw vegetables?—A. About 30 tons in the case of potatoes. With some of the other vegetables we cannot handle as much because we have got so much more evaporation to do. For example, in potatoes we only have to reduce on the basis of prepared material from 5 pounds by weight down to one. With cabbage, on the other hand, we have got 18 pounds of cabbage to make one of dry, so that there is much more evaporation and therefore the volume production is much less.

Q. The total cost of one of these plants would run around \$80,000?—A. About \$60,000—\$50,000 to \$60,000.

By Mr. Tustin:

Q. Why should there be such a difference in labour costs between New Brunswick and Ontario?—A. The basic cost of labour has been very much less in the maritime provinces. The large majority of the labour used is girls. The labour costs for girls have been about 30 cents in Nova Scotia last year and I understand that labour costs here are around 45 to 55 cents for girls in Ontario. I think another factor has been the class of labour employed. In the maritimes most of the plants are in the small towns where they get farmers' daughters and that sort of person who are just about as much interested in the plant as the manager himself, whereas in some of the larger cities where there are munitions plants and everything else all they get is floating labour that do not care about the plant at all. I think that has been a factor.

By Mr. Cruickshank:

Q. Did you mention labour costs in British Columbia with those other costs?—A. Those figures can be tabled. I should like to go over them because I have not got them separated into British Columbia, Nova Scotia, etc. We have just taken the high cost plant and the low cost, but we have those figures available.

The CHAIRMAN: Are there any other questions?

By Mr. Ross (Moose Jaw):

Q. There is one thing that I should like to ask. In connection with the handling of fruits and vegetables at these plants I suppose it is necessary for a

plant to have storage and be able to procure a large amount of fruits and vegetables at the time the harvest is on and hold them in order to keep their plants going a good part of the year? How long do they generally run?—A. It depends upon the set-up. Last year they operated from about six to eight months. As I say, with apples in Nova Scotia they take them from the warehouse. I understand in British Columbia they are working with the Vegetable Growers Association there and they get their supplies through them. They deliver them fairly well as they need them. On the other hand, some of our men have had to store their vegetables to assure supplies. That has been true in Ontario and is apparently going to be true in Quebec.

Q. Would that add appreciably to the cost of production?—A. You will have the cost of double handling. In that case the manufacturer takes the loss from shrinkage rather than the farmer.

By Mr. Cruickshank:

Q. Have you inspected all the plants that are operating?—A. I have been in all plants except the plants in British Columbia. Our Mr. Atkinson has attended to them.

Q. As I understand it, you or some official passes on the plant?—A. We all work together. When there are plans being drawn up for other sections the plans are submitted here and we criticize each other's work.

Q. What I mean is some official of the Department of Agriculture will check on the different plants across Canada?—A. That is correct.

Q. And in British Columbia it would be Mr. Atkinson?—A. That is correct.

By Mr. Hatfield:

Q. You would not suggest that plants should be built in any part of Canada except in some district that had a surplus of any one commodity?—A. I do not think that you can base a business of this nature on surpluses. I think it has got to be run exactly the same as the canning business, contract the amount of material that is required early in the season.

Q. But it would have to be in a district producing that material?—A. Absolutely.

Q. That is what I had in mind.—A. One of the reasons for the increase in cost of dried potato production in Ontario over that in the maritimes has been that potatoes had to be brought in from the maritimes to Ontario for drying.

Q. You have inspected plants both in the United States and in Canada. What would you say about the set-up in each country?—A. I think we have been blessed in one way, that of twenty-seven plants in operation in the dominion twenty-five of them are using exactly the same type of dehydrator. In the United States in the tours I have taken through the various sections there is every type and style of dehydrator you can imagine. Some of those dehydrators simply have not been able to perform because they are not mechanically sound. In one case a man put a plant in and the first 30,000 pounds he produced were rejected. After spending \$65,000 he had to re-design his plant. I think that has been a common experience in the United States. Another factor that has kept the quality down is that a lot of them are using straight counter-current dryers and are getting drying in anywhere from twelve to sixteen hours whereas, as you know, we recommend only processes that will get us the quickest type of drying.

By Mr. Golding:

Q. In ordinary peacetime do you think it would be necessary at all to carry on this process of dehydrating potatoes and vegetables of that sort? Do you think there will be a market for them?—A. I think it depends, as to that point, on exactly what our manufacturers do. Some of our vegetables will certainly be served in the future, as they were in the past, entirely as fresh, but we feel there are certain fields that have definite possibilities. One of them particularly

is cabbage. Another one is corn. There is certainly an opportunity with soup mixtures with and without meat stock, and also on dried pea and bean mixtures, but it depends on what the manufacturers do. If they keep up their quality and package properly as Mr. Davis pointed out we feel these things have a reasonable shelf life and that we can preserve the nutritive value. If that is done I feel there can be a reasonable development of dehydration after the war for civilian use.

By Mr. Evans:

Q. Can these plants be changed over to canning factories after the war without great expense?—A. The buildings and boiler plants and the preparation equipment would be applicable.

By Mr. Fair:

Q. What effect would this low labour cost in Nova Scotia in comparison to the high cost in Ontario have on the price to the consumer in those provinces?—A. That would have to be answered in the future. Practically everything being produced to-day, as you know, is going into some branch of the armed services. The amount of material that is being marketed for domestic use at the present time is not enough to give any adequate test of marketing or as to costs. They are putting up their material in high cost packages. It is a straight war effort at the present time.

By Mr. Cruickshank:

Q. Did I understand you to say that potatoes dehydrated in Ontario were imported from the maritimes?—A. There is quite a large percentage of potatoes imported into Ontario this year for manufacture.

Q. And there are quite a few factories in Ontario?—A. There were two in operation during the past season. There will be three more go into operation this year but they will not be manufacturing on potatoes. They will be manufacturing on vegetables that can be produced in Ontario.

Q. But there will be two in Ontario that will be operating on potatoes?—A. I believe Mr. Conger can answer that better than I can but I think the five plants will be operating more on other types of vegetables than potatoes. I know that two of the plants are definitely committed for cabbage and as to the other plants any potatoes that they manufacture will be on a very small scale.

By Mr. Ross (Moose Jaw):

Q. Can you give us any idea—maybe Mr. Hatfield can help us—as to what the ordinary return per pound would be to the producer of the vegetables that would go into these drying plants?—A. The ordinary return so far has been the straight market price of the vegetables.

Q. Just the market as it was?—A. Yes.

The CHAIRMAN: Mr. Davis outlined that with respect to apples.

By Mr. Wright:

Q. How do the Department of Munitions and Supply purchase these products from the various plants? Do they purchase on a flat rate right across the dominion or on the basis of the cost at each plant?—A. Past contracts have been on a cost-plus basis. I understand the contracts for this year are on a straight price basis.

Q. A flat price right across the dominion?—A. Again Mr. Conger should answer that but I believe it is zoned.

The CHAIRMAN: Are there any further questions? We have a couple of other witnesses here this morning to carry on with some other matters unless there are further questions that you would like to ask Mr. Eidt.

Mr. HATFIELD: I have a question.

By Mr. Hatfield:

Q. I should like to ask about the cost of dehydrating apples. What is your estimate of the cost of dehydrating apples?—A. In 1939/40 the actual cost according to the *Economic Analyst*, October issue—on an average of eleven plants the cost was 3.152 cents. The actual cost to-day is practically double that. A fair figure would be around $6\frac{1}{4}$ to $6\frac{1}{2}$ cents without the fruit.

The CHAIRMAN: Was that information not put on the record by Mr. Davis? That is on the record, Mr. Hatfield.

By Mr. Hatfield:

Q. In the last two years there has been great improvement in the dehydration process of both apples and vegetables?—A. That is correct.

By Mr. Cruickshank:

Q. What grade of potatoes are required for dehydrating?—A. Canada No. 1 large, and a percentage of Canada No. 1 small were allowed in last year's contract.

Q. Would that be the same this year?—A. I fancy so.

Mr. HATFIELD: I may say our average price paid the producer on potatoes is around \$2 a hundred for 10 per cent No. 1 smalls and the balance No. 1's.

Mr. CRUICKSHANK: Is that delivered at the factory?

Mr. HATFIELD: That is delivered at the factory. That is our average cost throughout the season, \$2 a hundred. Ten per cent of those were smalls, second grade.

Mr. EVANS: Have you any by-products from that plant?

Mr. HATFIELD: We did have from the peelings of the potatoes and the parings and trimmings, which we used as starch.

Mr. EVANS: And what would that amount to say?

Mr. HATFIELD: Probably about \$100 a day.

The CHAIRMAN: You mean, for the by-products of the dehydrated potatoes?

Mr. HATFIELD: From the peelings and parings of the potatoes—we had a starch factory. I may say that while we are on this that during the last war I dehydrated, I suppose I am probably the only person in Canada to-day that dehydrated potatoes and other vegetables in the last war. And since that time the process developed is much superior than what we used in the last war. Most of our dehydrated products in the last war were vegetables, which went into a soup mixture which was made up, to every 1,000 pounds I would say there were 400 pounds of dehydrated potatoes, 200 pounds of dehydrated turnips, 100 pounds of onions, 100 pounds of celery, 100 pounds of carrots and 100 pounds of pea meal—that is to every 1,000 pounds of the finished product. That was all dehydrated and ground together and packed in 20-pound tins. That was practically all sold to the French government and they used it as a soup mixture. It was a very fine soup mixture. But since that time the method of dehydrating vegetables has been very much improved; and I think that the experimental farms branch—Mr. Davis, Mr. Eidt and the others—should be complimented on their improved methods which were brought about entirely by their experiments in dehydration.

Some hon. MEMBERS: Hear, hear.

Mr. HATFIELD: I might say further that I have travelled and visited a good many plants in the United States this last year, and in my opinion our method is very much superior to theirs. They started a year ago in the United States to build 500 dehydration plants and they have completed about 300 up to date.

I might say that I started to erect one in the United States myself. They got themselves into an awful mess because they had no plans as we had in Canada and theirs grew up overnight, hundreds of dehydration experts appeared and they got themselves into all kinds of trouble and up until the present time there has hardly been a carload of fancy dehydrated vegetables turned out in the United States. I might say that our plant turns out about 90 per cent fancy grade.

The CHAIRMAN: I am sure the committee wish me to express their appreciation to Mr. Davis and to Mr. Eidt for the contribution that they have made to this meeting. They have given us a very interesting picture of the situation and I am sure the members are very grateful to them for appearing here and giving us this information. On behalf of the members of the committee may I extend to them our appreciation for what they have done.

Some hon. MEMBERS: Hear, hear.

The CHAIRMAN: Perhaps I may be permitted to suggest to members of the committee that they might tell their good wives something of the value of the dehydrated product and get them better known throughout the country.

An hon. MEMBER: Why don't you tell yours?

The CHAIRMAN: At a previous meeting it was suggested that Mr. Pearsall and Mr. Hamer should return and clear up two or three questions in the minds of certain members. Is it agreeable to members of the committee that we should recall Mr. Pearsall and Mr. Hamer for that purpose at this time?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: Would you gentlemen (Mr. Pearsall and Mr. Hamer) kindly come forward. I have forgotten just what the questions were which the members had in mind, but perhaps they will be good enough to repeat them as they can be dealt with.

Mr. L. W. Pearsall, Manager of the Agricultural Meat Board; and

Mr. R. S. Hamer, Livestock Branch, Department of Agriculture, *recalled*.

Mr. GOLDING: I think Mr. McCubbin had something in regard to beef prices.

The CHAIRMAN: What were the questions you had in mind, gentlemen?

By Mr. McCubbin:

Q. (To Mr. Pearsall): Last week the cattle market seemed to have gone to pieces in Toronto. This week it seems to have regained more than it lost last; and I saw this morning in the *Toronto Globe and Mail* it is now back to 14.5 on a basis Toronto—in other words the price is getting up somewhere near what it was last year. It is a question in my mind—I am not objecting to those prices at all—but is it still the intention of this government to export meat to Great Britain and do they intend to step into the market before it reaches a floor price and buy for shipment to Great Britain?

The CHAIRMAN: That, of course, I think perhaps is a matter of policy. I do not know whether these gentlemen would be disposed to answer categorically or not; they have to deal with the details of carrying out the policy.

Mr. GOLDING: Well, let them deal with the present arrangement.

By Mr. Ross (Moose Jaw):

Is not the arrangement to step into the market when the situation gets down to the floor and jack it up?

The WITNESS: (Mr. Pearsall) The present policy is as stated the last time we were before the committee; that when the price reaches the floor for beef as set forth in the announcement that has been made, varying in different periods during the year, the government will buy any beef offered at those floor prices for stock piling and for export.

Mr. McCUBBIN: That is fine.

The WITNESS: But not at the present time; the policy is not to buy above these floor prices as stated.

By Mr. McCubbin:

Q. What do you mean by floor prices?—A. The floor price for beef as set forth from now until the middle of August is when the price for beef is 25 cents below the ceiling price.

Q. That is for beef I take it at the live price?—A. That, as was explained the other day, is rather difficult to do because it all depends on the quality, the dressing percentage of your cattle; it is exceedingly difficult to state what the comparable live prices would be for carcass values because of the fact that there is such a wide range in the dressing percentage of cattle.

By Mr. Evans:

Q. What is the usual difference in carcass values and that?—A. The ceiling price is 20 cents per lb. defatted for commercial beef. Ceiling prices for other qualities are established.

By Mr. Fair:

Q. Am I right in assuming that the statements made the last time Mr. Pearsall was before the committee that the government buys through the packers only, that they will not go out on the market and buy live stock direct?

The CHAIRMAN: What do you mean by the government, do you mean beef for military purposes?

Mr. FAIR: The Meat Board has stated—the other day some members of the committee I think were under the impression that the Meat Board will go on the market and buy livestock; my impression, if I gathered rightly, is that the Meat Board would buy dressed beef from the packer but will not touch live stock on the market.

The WITNESS: That is correct, the Meat Board will buy carcass beef. Any beef we may be buying will be dressed beef and at a price equivalent to the floor price for carcass beef.

By Mr. McCubbin:

Q. Is that correct, what Mr. Fair is referring to you now? I would like to know that. I may be wrong in this. As I understand it, it would be this, that when the price reaches the floor, say on the Toronto union stockyard, you would go to the market and buy beef on the market to bolster the price. Is that correct?—A. Definitely not, under the present arrangement.

Q. Well then, it is possible that you might allow the packers to reduce the price to a certain extent that they would stand to gain—you will not step in to protect the producer?—A. The present policy is not to buy beef cattle on the open market.

Q. And that means that you would allow that price to be depressed to the extent that would permit the packer a profit to buy and sell to you on this floor basis. Maybe I have got the wrong idea in my mind, but as I understand it, when the prices reach such a low that the packer would not go on the market and buy then the Meat Board would step into the picture and buy.—A. The Meat Board will step in and buy beef from any slaughter house in Canada as offered for sale to the Meat Board—at a price equal to the floor price—and at the present time that would be equivalent to \$19.75 at Toronto, for commercial quality.

By Mr. Hatfield:

Q. Would the result of that price be to stop the packer from buying?—A. I probably should make this observation: the Meat Board has only been formed fairly recently and there are a large number of matters to which we have not given full consideration as yet, and there has been no policy absolutely decided on; but it is incorporated in the general plan and that is this, that we contemplate prohibiting any processor from storing beef for his own account. In other words, he would not be able to put it in storage at these floor prices and keep it for a higher price later on.

By Mr. Cruickshank:

Q. Is that an order yet?—A. That is not an order yet, no.

By Mr. Fair:

Q. There is something else there that also ought to be put into operation, and that is that the market price of live stock should not go below a certain level; that is that there should be a floor for the live-stock producer as well as there is for the packer. I think that is very, very necessary. Experience has shown it.—A. The only comment I can make on that is the difficulty of doing that in practical operation; in other words, what floor price you would put on your cattle, when you are speaking in terms of live cattle with such varying degree of value depending on dressing percentage.

By Mr. Cruickshank:

Q. What will come out of that as I see it, is that the packer will let the price get very depressed and then they will buy it at their own price and turn around and sell it to the food corporation at the floor price—they will operate on a basis of profit to themselves.—A. Oh, that may be so, sir; but I would like to state this again, that we are just starting off and I think it is our duty as a Meat Board—and I think the same is true of the various boards that are in operation—that we must assume that we have some responsibility to see that the producer gets a fair price for his cattle, just the same as we made that statement in regard to hogs. We cannot see that putting a floor price on cattle at the present time is a manageable or practical way of doing it. We have given that problem considerable thought and one thing we are giving some consideration to is this, we know that at practically every important marketing centre in Canada there are public slaughtering houses where they do custom slaughtering at standard rates of charge and any producer or other agency—say a commission man—that has cattle and feels that the price he is being offered for the cattle is not the equivalent of the floor price, we will be prepared and stand ready to back up anybody who wishes to have his cattle slaughtered and sell us the carcass; in other words, they would be in exactly the same position as the packer is himself.

By the Chairman:

Q. Mr. Pearsall, would you have any way by which you could prevent the meat packing industry from accumulating stocks at the floor price for resale later on at a profit; are you going to require them to service current requirements out of—A. You mean out of current stocks?

Q. Yes.—A. In other words, it is conceivable—our view is this, that if the floor price should drop this fall, if there should be a sufficient number of cattle in the market to put the floor price down to \$2.25 below the ceiling, there would be an incentive there for the packer to put considerable stocks into his own freezer and if the market rose later on in the year probably accumulate some profit on that, and also further during the period when he was putting that

product back into the market from his freezer, say it was 15,000,000 pounds of beef that he had in his freezer, that would have an effect on the market in preventing it going back to the ceiling.

By Mr. Hatfield:

Q. What do you mean by floor price for the product there, you said the floor price of the product.—A. Did I say, floor price of the product?

Q. Yes, that is what you said.—A. I did so incorrectly then.

Q. If it is a fact that the packer is going to pay the floor price, is it not only reasonable and fair to assume that the packer is thereby going to force the price to the producer down below the floor price so that he can still make a profit on his sales to the Board?—A. In answer to the control of the floor price I simply could not say.

Q. Maybe I did not make my point clear. Would not the effect be that the packer would force the price down to the point where he would be able to sell to the Board at a profit at the floor price?—A. Presumably the cattle price will drop to a price that is equal to the floor price for carcass beef; that is implied in the plan set up.

Q. Certainly, therefore the packer is going to push down the price considerably in order to make a profit at the price at which he sells to your Board.—A. There is probably nothing in the regulations at the present time to prevent that; but I would again add this, I presume that is the responsibility not only of our Board but of the government, and one which they will have to assume when the time comes.

By the Chairman:

Q. And all the cattle that you get in this way will be for the British market?—A. For two purposes; for the stock pile in Canada, or for ships' stores and M and S; any surplus over those requirements goes to the United Kingdom.

By Mr. Cruickshank:

Q. Is that U.K. price a contract price?—A. No contract has actually been made with the old country as yet.

Q. At what price do you sell to them?—A. Presumably the price the U.K. will have to pay for their beef will be what it costs the Board to buy.

By Mr. Evans:

Q. In view of the statement you made about maintaining the ceiling price on beef, do you not think that brings up again the question of the necessity of instituting carcass grading in order to maintain the level of live cattle prices as to quality?—A. That might be one way of doing it.

By Mr. Wright:

Q. You said a while ago that there are public slaughter houses at which the producer could have his own stock slaughtered and sold direct to the Board at the large marketing centers; that is a statement you made, was it not?—A. Right.

Q. Who owns these public slaughtering houses; are they operated co-operatively or are they operated by private individuals?—A. No, they vary. In Toronto there is a municipal abattoir which is owned by the city; in Montreal there is the public cattle market, a subsidiary of the C.P.R.; there are three in Winnipeg privately owned—I do not know the exact basis of organization—but there is the St. Boniface abbatoir, the Farmers' abbatoir and the Public abattoir.

Q. What percentage of the total kill can they handle on those markets?—A. I can hardly answer that question on a percentage basis, but they have a considerable capacity. They can kill quite a volume of stock.

Q. It would be small though in comparison with the total cattle production?—A. Relatively small, yes.

Q. Do you think the fact that they are there will have the desired effect, or do you think that they will have to be guaranteed by the producers that they will get a certain volume.—A. Well, there is a lot of live stock of all classes being sold now through the public abattoirs in Winnipeg, they are doing a lot of slaughtering for the account of the Montreal butchers and small packers.

Q. Their slaughtering is mostly for the local butchers, is it not?—A. The local butchers and also fairly large buyers in eastern Canada such as Morantz—there is a lot of slaughtering done at these public abattoirs.

By Mr. Ross (Moose Jaw):

Q. In respect to this question of floor price, and the suggestion that the packers would operate to force the price of live stock for the producer down have you the power in your Board to force all the packers in Canada to kill live stock for the producer for government account at a stated price?—A. Yes we can do that. As a matter of fact, in developing the question Mr. Wright was asking about public slaughtering facilities; there are no public slaughtering facilities at Calgary so far as I am aware. If it becomes necessary to have a plant there I have suggested as a workable plan that we could overcome that handicap at Calgary by requiring one or both of the packing plants that operate at that point to do public slaughtering at a certain fee comparable to the cost at outside points; and the same might apply at Moose Jaw and other points.

By Mr. Hatfield:

Q. Has your board a plan worked out to support this?—A. Our plan at the present time is, as I have already stated, that we stand prepared to buy any surplus beef that any slaughterer may have to offer at prices that are equivalent to the floor price.

Q. Yes, but what is there to stop a man from buying cattle below the floor price?—A. At the present time there is nothing as far as any regulations are concerned to stop him.

Q. Don't you think there should be?—A. I agree in principle very definitely sir.

By Mr. Cruickshank:

Q. Did not that very thing happen last year, that the packers forced the price down and then got in on a kill?—A. At that time there were no floor prices.

By Mr. Hatfield:

Q. Otherwise there is no protection for the producer; there is protection for the packer.—A. The only thing I said—I agree with the principle, definitely, that the producer is entitled to and should receive protection and is entitled to a price that is equivalent to the floor price; the only question at issue is that so far, at any rate our Board, have not been convinced that a floor price on live cattle is practical or workable, nor that it will solve these problems.

By Mr. McCubbin:

Q. Do you think this will happen; you see prices where they are to-day—if the packer were in our place he would say he was losing money, would he not?—A. I imagine that might be his answer.

Q. Our markets this year have been as large as they were last year and our cattle population is increasing and there is going to be a great influx of cattle on to the market sometime after August; am I right in that?—A. I hope you are right, but so far a lot of people don't seem to be very optimistic. We have not seen them putting in their appearance on the cattle market as yet but we expect they will be showing up later on.

By Mr. MacKenzie (Lambton-Kent):

Q. At the present time with cattle prices what they are on Toronto can he get out on the present ceiling price for his dressed beef?—A. I do not think so.

Q. Then, why do they do it?—A. I cannot answer that.

Mr. WRIGHT: Because he figures he is going to make a profit this fall when there is a lot of beef coming on to the market and he doesn't mind taking a little loss now.

Mr. Ross (*Moose Jaw*): Why would anybody do that?

Mr. WRIGHT: Well what I think is this, your problem could be solved by passing regulations that all packing plants would slaughter to the account of the farmer if he wished to sell that way and sell direct to your Board; he could have his cattle slaughtered by regular slaughter houses but he must sell his cattle at the price fixed for the purpose—the farmer would be able to sell direct to the Board in that way.

The WITNESS: That is practically the plan that we are contemplating.

Mr. HATFIELD: I suppose your Board knows the difference between the live cattle and the dressed beef and you could fix that as a differential in your regulations; you must know the margin between the two.

The WITNESS: You mean the margin between the dressed beef and the live weight?

Mr. HATFIELD: Yes.

The WITNESS: That is a point under debate; there is no way of determining that because it depends on the dressing percentage.

The CHAIRMAN: You are working on a control I presume; that is taking meat off the market when it reaches the floor price and thereby letting it maintain a relative position practically all the time.

The WITNESS: Yes, it is basically a control, sir.

By Mr. Soper:

Q. To what do you attribute the high price of to-day?—A. To scarcity of meat—may I just finish this observation?

The CHAIRMAN: Yes.

The WITNESS: We have gone along now for—I have forgotten how long it is, five or six months—without any particular difficulty with respect to securing beef for M and S; but on Monday morning—as a matter of fact we got our wires in on Saturday—and on Monday we could not get enough beef in Ontario in places to fill camp requirements. That is merely an indication of the supply position. I think that answers your question. I expect the reason for the high price is shortage of cattle and keen demand.

Mr. FAIR: I appreciate the remarks made by Mr. Pearsall and their intentions to do certain things which have a bearing on the price to the producer, but I think you will realize that in view of the way live stock is marketed, depending on the producer, from one to a half dozen at a time; and there is some definite reason for these cattle being put on the market, and a producer in a number of cases cannot wait for any delay in payment. I think you will possibly appreciate that. I think you will also recognize that at certain phases of the year particularly when grass cattle are coming on the market, probably in June, and again when storms occur, in the wintertime, particularly in the prairies, that you have very heavy deliveries of stock to the markets; and on these occasions in past years we have had very drastic reductions in prices; so I say that if they are going to guarantee the packers a floor space for their product, there should be some similar provision guaranteed

to the producer. I think that as a result of the arguments that have been made here the Board will set up some regulations which will guarantee at least some protection to the producer.

The WITNESS: I again just want to state that I agree, and I think our Board agrees with the principles enunciated. We feel that we have a responsibility to see that the farmer gets a fair price in relation to the price that the Board is paying for beef; and if on account of heavy runs or any other reason the price should get out of line, I think our Board would have to assume the responsibility of taking some action. We have in our regulations authority to set minimum prices for live stock if, as and when it should become necessary. So far the Board has not considered that to be the most practical way of doing the job.

By Mr. Tustin:

Q. I understood you to say that the producer could take his cattle to one of the municipal slaughtering houses and have them slaughter and then the Meat Board would purchase the carcasses from the farmer at the floor price. Now, there is another thing which enters into that and I am not just clear on it; is that producer going to be given a slaughter permit in order that he can slaughter his cattle and sell them to the Meat Board; because at the present time as I understand the situation no producer can slaughter for resale without a permit from the Wartime Prices and Trade Board, and that would stop the farmer from taking his cattle and selling them to your board in that way.—A. I would have to answer that question this way. As I have already stated, the situation has not as yet developed to a point where the Board has taken any definite action in connection with it. But we certainly feel that the producer is entitled to ample protection. If we were to adopt a plan of the private producers slaughtering at a public abattoir and selling to the Meat Board then of course we would have to follow that plan through and make the arrangements necessary for him to operate under it and in that way make the facilities available to the farmer.

By the Chairman:

Q. Is that a fact, that these slaughtering plants have to have licences?—A. Yes, but not only that, they cannot kill any cattle for any person who does not hold a slaughtering permit. There is one other point I would like to add to that, as Mr. Hamer has prompted me on it; that is that any beef purchased by the Board would have to be slaughtered in a federally inspected plant. We cannot buy beef slaughtered locally or outside of non-inspected plants.

By Mr. McCubbin:

Q. Would you care to indicate to the committee the approximate quantity of beef that the British Ministry of Food wish to procure?

Some hon. MEMBERS: Louder, please.

By Mr. McCubbin:

Q. I was asking Mr. Pearsall if he would care to indicate to the committee the approximate quantity of beef the British Food Mission might wish to procure in the Dominion of Canada?—A. The only way I can answer that question is to state that the ministry's requirements with respect to beef for the present year, at any rate, would be away beyond anything we might anticipate or hope we could supply them with.

By the Chairman:

Q. Is the idea to ship this beef from Canada as frozen beef, or how were you going to ship it?—A. It will be frozen, definitely but the ministry will take it either in carcass form or boneless. We will try and ship most of it in boneless

form for the purpose of conserving shipping space but we may ship some in carcass form.

By Mr. Hatfield:

Q. Does your board have any interference from the Wartime Prices and Trade Board?—A. No.

Mr. Ross (*Moose Jaw*): Might I suggest that a regulation of the kind you spoke of a moment ago might be put into effect immediately and then I do not think we will have any trouble.

The WITNESS: I think probably that is quite true.

By Mr. Perley:

Q. May I ask this question?—Is it customary or is it the general practice to sell cattle to the packers for future delivery or future contracts?—A. I do not think it is general practice although there is a certain amount of that done. There may be some of that done through the ranch country. There may be some cattle purchased for future delivery. There is also another type of buying in Ontario. I do not know whether you would call it future or not, where the packer actually purchases the cattle, brings them east and puts them out on feed. They are to all intents and purposes his cattle, but it is not a large volume of business.

Mr. McCUBBIN: We must clear up what Mr. Perley has said because he has referred to me in that statement. We in Ontario do not sell direct to the packers. We sell to the drover and he sells direct to the packers. We sell to the drover for future delivery say as of the first of August and then he in turn sells to the packers. The farmer or producer does not sell to the packer, you understand. The farmers in our district claim that the government has told them to hold their cattle that they might get larger weights. They are holding their cattle on the understanding that when fall comes the price will not be depressed. The difficulty will arise when fall comes and the price falls; they will then blame the government for not telling them to market them earlier. There is another point that you mentioned. You have power to set prices for livestock. I hope that will never happen for if you take the speculation out of the cattle business you spoil the cattle business.

Mr. Ross (*Moose Jaw*): That is the fear that everybody has had, also in Ontario, on the price of beef going down. As I understand it they thought it was going down and now instead of that it has gone up.

By Mr. Hatfield:

Q. Who put in the regulation that a farmer could not slaughter and sell to the dealer?—A. I presume you are referring to the Wartime Prices and Trade Board slaughter permits?

Q. Yes. Was that put in by the Wartime Prices and Trade Board?—A. Yes.

Q. Did they consult you?—A. Yes, our department was consulted.

Q. Do you think it is a good regulation?—A. Probably I should answer that question this way. I do not think any of us would agree it was good but I think we all agree it was necessary as part of rationing.

Q. For what reason?—A. With the rationing of any commodity one essential is that you must control your commodity. It is a very simple matter to do that with an imported product like sugar or coffee but when you are dealing with meat it is exceedingly difficult.

Q. I know, but they are allowed to slaughter and sell to their neighbors and are not allowed to sell to the meat dealer?—A. That is right, because that then becomes rationed meat for which they have to take ration coupons.

By the Chairman:

Q. You had the same experience in connection with hog slaughtering on the Bacon Board, did you not?—A. Yes, we restricted hog slaughtering previously.

By Mr. Wright:

Q. Do you know the percentage of kill that the packers are able to buy direct from the farmer through drovers that does not go on to the public market to be sold; it seems to me that that percentage has been growing in the last few years, that the packers have been able to buy direct rather than having to go on the public market to purchase, and the public market controls the price.—A. I have not got the figures in front of me, but I could get them for you. They are available. Your contention that it has been increasing is I think correct, but I have not got the figures for the various provinces in front of me at the present time.

Q. Would not that have the tendency of giving the packers a definite advantage; could the price of the total run of cattle be based adequately on a 25 per cent proportion that comes on to the public market?—A. I am afraid that is a debatable point.

Mr. WRIGHT: There is an argument on the other side.

The CHAIRMAN: Many of the drovers down in the eastern part of Canada here as I understand it are independent drovers, not packers' representatives.

Mr. WRIGHT: In western Canada they are mostly packers' representatives.

The CHAIRMAN: I do not think that is the case down here.

Mr. McCUBBIN: That is not the case in Ontario; these men are on their own, furnish their own credit and everything, very often they will take them in to the open market and sell them as anybody else.

By Mr. Rheame:

Q. Don't you think it would be a good thing to permit the farmers to do their own killing rather than continue the restrictions which you have in operation now? Take the case of the farmer who wants to kill a hog and give parts of it to his neighbour; with the regulations as they are at the present time it is not permissible to do that. I think you should at least give the farmer a chance to sell to the local butcher. Take the case of the farmer who came to me just the other day; he said, I have a 125-pound hog that I want to kill and I would like to pass some of it along to my neighbours, but I cannot do that, the only thing I can do is to ask permission from the local board at St. Johns and sell it to a butcher. I think you should change your regulations in that regard. It would be much better for the farmers.—A. That is a problem for the rationing division of the Wartime Prices and Trade Board.

By Mr. McCubbin:

Q. Taking it a step further, would you advise farmers to buy feeders at these prices?—A. Do you expect me to answer that?

Mr. McCUBBIN: No.

Mr. Ross (Moose Jaw): You know what my answer would be.

The CHAIRMAN: I think we would rather have their views than anybody else's. Order, gentlemen, please.

By Mr. Hatfield:

Q. Do you not think there should be some restriction on the sale of veal calves?—A. Your idea is to increase the weight on them?

Q. Yes.—A. As a matter of fact there has been a substantial increase during the past year.

By Mr. Evans:

Q. Under your present set-up in the slaughtering of hogs your hogs are now all marketed directly to the packing plants and they are graded there and the farmer has definitely received benefits from the rail grading system. Under

your present set-up in marketing beef why couldn't you institute the same system and the farmers would be sure of getting the returns on his beef according to their grades?—A. Yes, the same system would be applicable. There is only one observation I would make. In your statement you said that all hogs were marketed direct to the packing plants. As a matter of fact, there is still a slight percentage going through the stockyards but the final basis of settlement is all the same, on a dressed basis.

By Mr. McCubbin:

Q. You do not think the farmers are holding back their cattle?—A. Frankly I do not know what to think. We expected some more cattle and they are not coming forward. I can only conclude they are holding back some cattle. Of course, everything is favourable. Pastures are good.

MR. CRUICKSHANK: May I ask a question?

The CHAIRMAN: May we finish this discussion first?

By Mr. Evans:

Q. I should like to take that a little further. I know it is a controversial subject and I do not want to get into an argument over grading but in view of the fact that the price spread from now until the 15th of August, a certain period of time, is a certain amount in each zone do you not think to control the live stock market if you had a system of grading beef going into the plants it would have a tendency to keep the price of live cattle at a level?—A. I would concur in that thinking.

MR. CRUICKSHANK: I understand there are some agricultural estimates coming up this afternoon so I suggest that we call it one o'clock.

The CHAIRMAN: I was merely trying to get to the stage of clearing up any questions in the minds of the members of the committee with respect to Mr. Pearsall's and Mr. Hamer's departments. Are there any more questions?

MR. HATFIELD: Before you adjourn I should like to know if it is the intention of having anyone from the Wartime Prices and Trade Board before this committee?

The CHAIRMAN: I do not know. I cannot answer that offhand.

MR. HATFIELD: I have some names here of those that I would like to have appear before this committee. There is Mr. Taylor, Mr. Grisdale, Mr. Bloom, the Farm Machinery Controller, Mrs. Phyllis Turner, oils and fats. I think there has been a lot of interference with the Agricultural Department in Ottawa by the Wartime Prices and Trade Board and I should like to have these people appear before this committee.

The CHAIRMAN: The present plan is at the next sitting to hear Dr. Swaine who was sick the other day. So far as farm machinery rationing is concerned there is an officer in the Department of Agriculture who has been the liaison officer between the Department of Agriculture and the other department with respect to farm implement requirements. He is available.

MR. HATFIELD: He has not been able to get very far.

The CHAIRMAN: We will find out how far he has been able to get.

MR. CRUICKSHANK: I have every confidence in the Department of Agriculture. I think they have given us a wonderful lot of information, but Mr. Hatfield has brought up the very point. We are going to get out of here in a couple of weeks but before that I want to have Mr. Nadeau and Mr. Grisdale before us. I do not want a man from the Department of Agriculture brought in here who is in charge of growing pansies at the experimental farm. With all due deference I want to know if it is guaranteed that we are going to have some of these Wartime Prices and Trade Board men before us.

The CHAIRMAN: I hope so.

Mr. HATFIELD: Is it not a fact that the Wartime Prices and Trade Board during the last winter stopped the dehydration of potatoes because they thought they were taking them away from the civilian population and that was a means of advancing the price and making a shortage of potatoes for the civilian population? I might say that in the United States that the Food Controller did just the opposite, he froze all the potatoes in the United States for the army and the dehydration plants so that the supply for the army overseas would be assured, and for a month the civilian population practically went without potatoes; but here in Canada the Wartime Prices and Trade Board said, and apparently the Agricultural Supply Board agreed—or the Agricultural Products Board—that we should dehydrate no more potatoes for the use of the army overseas because we were taking them away from the civilian population and in that way were likely to cause an increase in price. I think there has been a lot of interference through the Wartime Prices and Trade Board that has kept the prices of agricultural products down for the producer; and if we do not bring these gentlemen before us I do not think we are going to get anywhere. I do not think it is the fault of the Department of Agriculture, I think it is the fault of the Wartime Prices and Trade Board and we are not going to get anywhere by bringing the representatives of the agricultural department here because they are not going to tell us that the Wartime Prices and Trade Board are interfering with them, as I know they have been.

(The discussion proceeded off the record.)

The Committee adjourned at 1:15 o'clock p.m. to meet again at the call of the Chair.

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SESSION 1943
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

THURSDAY, JULY 8, 1943

AUG 9 1943

WITNESS:

Mr. J. M. Armstrong, Technical Adviser on Equipment, Agricultural Supplies Board.

MINUTES OF PROCEEDINGS

THURSDAY, July 8, 1943.

The Standing Committee on Agriculture and Colonization met at 4.00 p.m., the Chairman, Mr. Weir, presiding.

Members present: Messrs. Aylesworth, Blair, Cardiff, Cloutier, Cruickshank, Dechene, Donnelly, Evans, Fair, Fontaine, Furniss, Golding, Gregory, Henderson, Lafontaine, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), Matthews, Perley, Rennie, Rheaume, Rickard, Ross (*Souris*), Senn, Soper, Ward, Weir, Wright—30.

In attendance: Mr. J. M. Armstrong, Technical Adviser on Equipment, Agricultural Supplies Board.

The Minutes of the last meeting held on Tuesday, July 6, were read and, on motion of Mr. Dechene, approved.

Mr. Armstrong was called. He gave a review of the farm machinery situation under wartime restrictions and was examined.

Witness retired.

The Chairman announced that one or two witnesses remained to be called before the Committee had concluded its inquiry under the terms of its reference from the House.

On motion of Mr. Leger, the Committee adjourned at 5.30 p.m., to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 8, 1943.

The Standing Committee on Agriculture and Colonization met this day at 4 o'clock p.m. The Chairman, Mr. W. G. Weir, presided.

The CHAIRMAN: To-day we expected to have two representatives of the department here, but one of them has not turned up yet. However, we can proceed with the third item on the order of reference which was a review of the administration of farm equipment rationing. We have with us this afternoon Mr. J. M. Armstrong, of the Agricultural Supplies Board, the officer of the Department of Agriculture who has attempted to look after the interests of agriculture with the rationing authorities so far as agricultural requirements were concerned. Is the committee prepared to hear Mr. Armstrong?

Some Hon. MEMBERS: Agreed.

Mr. J. A. ARMSTRONG, Agricultural Supplies Board, called.

The CHAIRMAN: I am sure, Mr. Armstrong, that the committee will be interested in any information you may be able to give them. I might say that Mr. Armstrong does not appear before the committee in the capacity of one dealing with rationing, but merely as a representative of the Department of Agriculture giving attention to it. I think he might tell the committee the general policy that is pursued and what are the circumstances with respect to farm equipment, and will probably give a good deal of other information as well. I will now introduce Mr. Armstrong to the committee. If he has a statement that he could give on the general situation, I think it would be advisable for him to do so.

The WITNESS: Mr. Chairman and gentlemen, I will give you a brief review of the farm machinery situation under war restrictions. The shortage of materials caused restrictions to be brought into effect. In December, 1941, United States priority officials announced a restriction in the materials to be made available for the manufacture of new farm machines in 1942. This was necessary if available materials were to meet military and civilian requirements. Under the new program, provision was made for an improvement in the priority ratings assigned to materials for farm machine manufacture. In this country the office of the Steel Controller was giving consideration to the requirements of the Canadian farm implements manufacturers for 1942. In view of the proportion of material of United States origin required in Canadian implement manufacture or normally imported in the form of finished machines, an arrangement was worked out whereby the Canadian farm implement industry would secure equal treatment with the United States implement industry with respect to priority on materials and the importation of United States machines and repairs, provided that this country would undertake farm machinery restrictions similar to those in effect in the United States. Early in 1942 an Administrator for Farm and Road Machinery was appointed to administer such regulations under the Wartime Prices and Trade Board.

The Farm Machinery Administrator, in collaboration with the industry, the Dominion Department of Agriculture and Provincial Departments, prepared an estimate of the minimum requirements of farm machinery for 1942, having regard to the agricultural production program, the equipment on farms and the

stocks of implements carried over in the trade. The first restriction order, R-1 of January 16, 1942, restricted farm machinery production and importation in the period November 1, 1941, to October 31, 1942 to 84.6 per cent of 1940 production or import for new machines, and 140 per cent for repair parts. On an over-all tonnage basis, this was equivalent to 95.3 per cent of 1940.

How this program worked out may be indicated by the fact that in May, 1942, the Wholesale Implement Associations for Winnipeg, Calgary and Edmonton reported no shortage of essential spring machines, while Saskatoon and Regina reported 70 per cent to 90 per cent of spring requirements were taken care of with the aid of inventory carried over from 1941. However, factory deliveries from November, 1941, supplied only 55 per cent of the spring requirements for Regina branches of all firms.

The Administrator, therefore immediately appealed for an improved rating on critical materials to complete the balance of the 1942 machine quotas. This was ultimately secured but some equipment was not in the field in time for use. On the whole, however, the equipment available to farmers from 1942 production plus the carry-over from 1941, was probably about equivalent to that supplied in 1940.

Plans for the 1943 program were under way in April of 1942, six or eight months in advance of the time when the materials would be required, in order to insure their procurement. Preliminary estimates indicated that material requirements for new machines in 1943 would be at least 50 per cent of 1940. However, this amount of material could not be provided. In the best judgment of officials responsible for the allocation of materials, not more than 25 per cent of the 1940 tonnage could be made available for new machines and 150 per cent for repair parts, or an over-all tonnage of 60 per cent of the total for 1940. This decision necessitated a drastic revision of the sizes and types of machines going into production for 1943, in order that this limited amount of material should be put only into the most essential new machines.

By Mr. Senn:

Q. Whose decision was that? Was it the decision of the Canadian Steel Controller?—A. I beg your pardon?

Q. Was it the Canadian Steel Controller or the American Steel Controller who made that decision?—A. The Canadian Steel Controller of the Department of Munitions and Supply.

By Mr. Fair:

Q. Have not those percentages been increased a little recently?—A. I am coming to that in a moment. The farm machinery administrator called together meetings of representatives from the farm implement industry and the Department of Agriculture, represented by the Western Agricultural Engineering Committee, and a similar committee for eastern Canada, to determine the most essential machine requirements to meet the farm production program for 1943. The result was a reduction of approximately 60 per cent in the size and styles of implements previously made. These recommendations were incorporated into an administrator's order, A-395, under date of September 12, 1943, giving quotas for production and importation for the period November 1, 1942, to October 31, 1943.

I am coming to the point which was just raised. Early in the present year, the United States War Production Board made plans to allocate additional material to the farm equipment industry in the United States, to provide an increase in machine units of approximately 30 per cent and to increase repair parts from 130 per cent to 160 per cent. Action was immediately taken in this country to parallel the United States increases. As a result, the present

Canadian farm equipment program for 1943 represents a tonnage for machine units equal to approximately 35 per cent of 1940 in place of the original figure of 25 per cent. Repairs have been stepped up from a figure of 150 per cent to 165 per cent of 1940. On this basis, the over-all tonnage will be approximately 72 per cent of 1940. In addition, Farm Machinery Administrator's order A-395 has been revised so that the closing date covering production and sales on the 1943 quotas will be September 30 instead of October 31. Provision was also made to complete production of machines by July 1. These changes may allow machine production from the 1944 allotment of material to be made available for fall work this year.

Coming to the situation for 1944, the supply of new farm machines and repairs for 1944 has not yet received final approval. Pending this approval I am authorized by the Metals Co-ordinator of the Wartime Prices and Trade Board to say that the minimum essential requirement requested for 1944 is equivalent to 76.6 per cent of the 1940-41 tonnage basis for new machines and 156 per cent for repair parts.

That takes care of what has happened in the volume of machines supplied under wartime restrictions. As a necessary part of that restriction, rationing of farm machinery came into effect under Wartime Prices and Trade Board order No. 192, dated October 1, 1942, and effective October 6. To carry out the provisions of the rationing order, farm machinery rationing officers were established by the Wartime Prices and Trade Board at fourteen points across Canada. Towards the end of October, 1942, a co-operative arrangement was worked out in this connection whereby the Department of Agriculture suggested a panel of agricultural authorities who would be in a position to act as consultants to the farm machinery rationing officers at each of the fourteen rationing centres across the country. These two officials, appointed at each rationing centre, recommended a local farmer to serve as a third member of the rationing organization at that point; the three officials to form a board of appeal in the event that a farmer made application for a machine and his application was turned down by the farm machinery rationing officer. Under the arrangement he could appeal his case, and the decision would then be made by this board of appeal composed of the regional farm machinery rationing officer, the agricultural consultant and the local farmer. The only other change that has been made in the rationing requirements, apart from administrative detail, was an order of the board, order No. 271, dated April 27, 1943, and effective May 8, which withdrew sixteen items from rationing. These items were in the main smaller items such as hand equipment, pumps, churns, certain small sprayers, electric fence controllers, hay forks and brooders, relatively small equipment which it was felt could be moved into use without the necessity of having to ration the item. I think that gives you an outline of what has transpired since the beginning of restriction.

By Mr. Rickard:

Q. Is there a ceiling price on repair parts?—A. The price order of the administrator, Order A-8 under date of Feb. 4, 1942, permitted an increase in price on machines of 5 per cent for those firms which had not made an increase prior to the price regulations of the Wartime Prices and Trade Board coming into effect. I understand that price regulation related to all sales of farm equipment and repairs.

MR. BLAIR: Mr. Armstrong, in the case of the administrator of farm machinery would there be any chance of having him adjust things so there would be uniformity of parts such as guards on mowers that fit in the mower, sickles that will fit, knives for mowers or binders and, for instance, teeth for sulky rakes or plowshares, tips for cultivators, and as to bolts on machinery that have a flat

round head have those heads flattened on two sides so they would turn when you go to take the nut off, and teeth for harrows? If there was some uniformity I think farmers' repairs could be obtained from the fence corners of their own homes. We should be able to obtain teeth for a sulky rake off the old sulky rakes that are set aside. Would this administrator have any influence in controlling those things, or would you accept a recommendation from us that we would desire that from a farmer's standpoint?

The CHAIRMAN: Just a minute; what Dr. Blair has mentioned here, of course, is a very important matter in the general picture so far as farm implements are concerned. I doubt very much if it comes within the scope of what we are discussing here, namely the policy with respect to rationing certain farm equipment. I think everyone would agree that the standardization of farm implements so far as that is possible is a desirable end towards which to work, but it hardly has any connection with the rationing of farm equipment, if you understand what I mean.

Mr. BLAIR: I understand.

The CHAIRMAN: I do not want to head off any discussion with respect to it.

Mr. BLAIR: I understand perfectly, Mr. Chairman, but still it comes under that clause. I imagine that repairs could be made from old machinery with very slight adjustment oft times. These guards are made so that you cannot use them from one manufacturer to the other. It is for the purpose of the sale of repairs. Some adjustment in your administration could rectify those things, and our repairs would be available to us.

Mr. DONNELLY: You should take that up with the machine companies and get them all to manufacture the same machines.

Mr. BLAIR: I am talking to the Administrator of Farm Implements.

By the Chairman:

Q. Mr. Armstrong, did you have any difficulty or any experience particularly with respect to such items as dairy utensils and things of that character about which we have heard a great deal of discussion at different times? What did you find in connection with items of that character in any survey you may have made?—A. During the year just passed the supply of milk and cream shipping cans was very short and the rate of production for those cans could not be stepped up to meet the requirements due to the difficulties of procuring material. I have not the figures right at hand but the final situation as at the close of last year was that a fairly large proportion of the quotas set had been made available to farmers. Late last year an Administrator for metal containers was appointed under the Wartime Prices and Trade Board and the supply of shipping cans has been administered by this official of the Wartime Prices and Trade Board since then. The situation for 1943 is that of the quota considered necessary to give the farmers sufficient shipping cans, at the end of April approximately 80 per cent of the quota for the year had been fabricated and moved into the trade.

Mr. DONNELLY: Our difficulty is to get a quota at all. We have not been in the mixed farming business at all and starting in it, having been advised to do so, we have great difficulty in getting half what we need let alone all we need.

The WITNESS: That, Mr. Chairman, is a matter of policy on the part of the Wartime Prices and Trade Board.

By Mr. Cruickshank:

Q. In the paper the other day it said there had been a train wreck and six flax pullers had been destroyed or badly damaged in Quebec while in shipment to British Columbia. Will they be replaced?—A. What are they?

Q. According to the press it said in a train wreck somewhere in Quebec, I believe it was, six flax pullers, which was the quota for British Columbia, had been badly damaged. Will they be replaced?—A. I cannot speak of that particular case but the quota would still be outstanding for British Columbia if they had not received the goods. If materials are available to replace them I would expect it.

Q. Maybe this is not your branch. I do not know whether it is or not, but if it is your branch as I understand it there are so many pullers allotted for Canada and then they are quotaed off to the respective districts. It said in the press report they had been returned to the factory for repairs. Suppose they cannot be repaired in time; does that mean the province would have to do without any pullers at all?—A. I do not think so in that case. I think the situation with respect to pullers available will take care of that.

Q. That is what I am getting at. There would be a re-arrangement if they are not available?—A. Yes.

The CHAIRMAN: I think perhaps if you get in touch with Mr. Nelson Young he could give you definite information with respect to the case you have in mind.

By Mr. Senn:

Q. Mr. Armstrong, have you experienced any greater difficulty in obtaining spare parts for imported machines than for Canadian machines?—A. That is largely an administrative problem or administrative detail. I would say that on certain things there has been a little difficulty on imported parts, but I do not think there has been very much difference in the availability of Canadian as compared with American parts because the implement firms on both sides of the border are operating on the same basis with regard to priority for their material.

By Mr. Ward:

Q. Do we import much by way of farm machinery?—A. Yes, for every ton of material used in the fabrication of farm implements in this country we require an equivalent amount by way of imported material, and imported finished machines.

Q. Are you speaking of raw materials or finished?—A. A combination of raw material and imported machines.

By Mr. Senn:

Q. You could not give us an estimate of the percentage of imported American farm machinery used in Canada compared to Canadian farm machinery used in Canada?—A. I cannot answer that. I have not that information.

By Mr. Wright:

Q. Mr. Armstrong, there was a situation arose in the west last year in certain parts and again this spring. I do not know whether you can throw any light on it or not. In northern Saskatchewan last fall there was a shortage of combines and according to reports there was an additional allotment of some thirty combines to a certain company in northern Saskatchewan with headquarters at Saskatoon. These machines were bought by the farmers. Some of them gave their orders and paid for them and they waited one week, two weeks, three weeks, four weeks. They kept wiring Toronto. I know from our own point there were wires went to Toronto and to Saskatoon. Finally the information that we got was that the material necessary for the making of these particular combines had all been released by the people for the making of them, and the combines were all made with the exception of one small part. Apparently the material for this small part, which was a comparatively small part in comparison to the whole machine, had not been released. As a result of that these machines were not delivered until this spring.

Last fall in November I ordered a seed drill through the regular channels. I put in an application for it and I thought I would have some answer with respect to it as to whether my application would be accepted or not. I did not get an acceptance of that application until I went home at the Easter recess in April some time. Then instead of the drill being delivered we were told—there were others besides myself—that the drill was all there but the discs. Apparently the people who had charge of the releasing of the material for the discs had not released it and as a result we did not get those drills in that particular part of the province until either the fifth or seventh of May when quite a large percentage of the seeding had been done. Have you any knowledge of any difficulty with respect to certain materials not being released while a large percentage of the material is there and already made up and standing idle for the sake of just a small part?—A. Yes, there were a number of cases of that nature last year. As I understand it the material was scheduled but it could not be fabricated or moved along fast enough to meet the manufacturer's program of production. Therefore they got behind on a few parts which prevented the machine from going into operation. That difficulty cannot be foreseen when you lay out the schedules for the material and arrangements are made for the material to be brought forward at certain times. Unforeseen happenings in the plants producing the materials slow down schedules.

Q. If plans were made just a little further ahead I think something could be done to relieve that situation.—A. I think there has been an improvement in that in the past year because the procurement of materials has been changed over from a straight priority basis, a system under which other agencies than farm implement manufacturers were competing for the available supply on the basis of priority. Under the present plan the manufacturers are operating on an allocation of materials and they have a specific quantity of particular materials allocated to them. In other words, the allocations do not exceed or are not supposed to exceed the total amount of material available, therefore it is expected that the material will come through on schedule.

Q. There certainly was room for improvement on last year. And another matter with respect to repairs; this spring I know the papers were asking the farmers to get their machinery repaired in time, to get their haying machines repaired, to get their harvesters repaired and all their machinery in shape before it came time to use it, and yet in western Canada the repairs for haying machinery had not been released up to Easter when I was home and they did not expect they would be released for probably another month or so. Now it seems to me that they are running you pretty close to the time when the machinery is needed before they are getting these repairs out to the dealers in the country where they can be used. I think there is room for improvement along that line in getting repairs out there two or three months before the season in which they are going to be used.—A. I think for the most part repairs for this year were scheduled considerably in advance of normal. As an example, last April repair parts for binders were going into western warehouses, and that is considerably in advance of normal, in order to meet the situation you have outlined.

By Mr. Evans:

Q. Do you have anything to do with the binder canvas situation?—A. That is taken care of in so far as the farm machinery administration is concerned under the quota available for repair parts.

Q. Has the quota been increased during the last year?—A. The quota this year will be 165 per cent of what it was in the base period.

By Mr. Perley:

Q. Can you give us anything about the imports of combines this year compared with 1940; and also, can you give us the number of new combines put out by Canadian firms?—A. No, I have not those figures.

By Mr. Wright:

Q. There is one other matter I should like to bring up relating to farm machinery repairs: in the northern part of Saskatchewan during the drought years a certain amount of old machinery was shipped up there to the new settlers and all these binders, mowers, rakes and other various types of equipment is all of the type that was turned out around 1920 and 1923 and 1924, and these people up there say that they are having great difficulty in getting repairs for these old machines dating back twenty years or more ago. Is any effort being made to see that repairs are available for these old machines in certain sections of the country to which they have been shipped.—A. I do not think I can answer that question.

Q. Then I wish you would bring it to the attention of the proper authority so that some arrangement can be made with regard to it because it is a serious proposition up there. I know last fall that a man up there who waited for three or four weeks at harvest time for spares and the result was that he could not get his crop in and it had to stay out all winter. I think some attention should be given to their needs.

MR. DONNELLY: Is there not a law which requires machinery companies to maintain adequate supplies of repair parts?

MR. WRIGHT: I was under the impression that there was such a law.

MR. HENDERSON: But I do not think it applies to old outmoded machines.

MR. WRIGHT: Ten years I believe is the length of time that they are required to carry a supply of repair parts.

MR. DONNELLY: I think it is fifteen years.

By the Chairman:

Q. I think you stated that there were thirteen farm machinery rationing offices across Canada.—A. Fourteen.

Q. That would mean fourteen districts?—A. Yes.

Q. Is the quota then arranged on the basis of the machinery used during the base period in these different districts and then the allocation of the supply for last year and this year based on a particular district, or is some other policy followed?—A. Yes, the policy of the Wartime Prices and Trade Board is to base the quota for the rationed region upon the percentage of sales in previous years.

MR. CRUICKSHANK: I did not quite get the answer to the question Dr. Donnelly asked; how do you arrive at the quota? Some districts may be going into a new line of farming as a direct response to the encouragement given by the government, say.

MR. DONNELLY: They may be going into mixed farming, for example.

MR. CRUICKSHANK: How are you going to get repair parts for people in sections of the country that are doing that?

THE CHAIRMAN: That is the reason I asked the question I did; I was wondering if perhaps they were not holding too rigidly to that base period. It does not work out very satisfactorily when you have a changing scene of program of production and everything else.

MR. CRUICKSHANK: Yes. How will you arrive at that?

By Mr. Rickard:

Q. Can you tell us where these ration offices are set up throughout the dominion?—A. You mean, can I tell you where they are?

Q. Yes; where they are set up and what percentage is allotted to each one?—A. Starting in the west, there is one in Vancouver, one in Edmonton, Calgary, Saskatoon, Regina, Winnipeg, London, Toronto, Ottawa, Montreal, Quebec, Saint John, Truro and Charlottetown.

By Mr. Cruickshank:

Q. Reverting back to the point I was just dealing with, how do you arrive at a quota for districts such as were mentioned by Dr. Donnelly, say a district that is starting in on some new line of activity?—A. The base quotas are arrived at on the basis of previous sales, but provision is made for appeal to the administrator with respect to the requirements in any portion of the country.

Q. Irrespective of what they are doing for instance, if they had no base period before because they are just starting out new?—A. Provisions is available for an appeal on that basis.

By Mr. Ross (Souris):

Q. What is the base period?—A. The base period is the previous five years' sales.

Q. I think you said that they are comprised of three members, is that so?—A. Yes, at each rationing point.

Q. And if I remember correctly you stated that there were two appointed and then a third, a farmer. Is that correct?—A. Yes.

Q. Who appoints that farmer?—A. The Wartime Prices and Trade Board.

Q. On the advice of whom?—A. The local farm machinery rationing officer and the consultant, who are asked to suggest a local farmer to act.

Q. In other words, the farmers are not consulted as to who their representative is going to be. That is, the agriculturist is not consulted as to who is to be his representative?—A. Yes.

Q. Who do they consult, just the department of Agriculture, or who?—A. In British Columbia the consultant is Professor Moe of the University of British Columbia.

Q. And he would advise you on the farm member, would he?—A. The consultant and the local rationing officer were asked to suggest a local farmer who might be in a position to act as the third member.

The CHAIRMAN: I might say in that same regard, just to put the committee forward by way of explanation, that I recall in the province of Manitoba the consultant is the professor of Agricultural Engineering at the University of Manitoba, and there is one other farmer named but I do not know what his name is, and they consult him on anything of that kind. I imagine it is done in consultation with the Department of Agriculture.

Mr. CRUICKSHANK: I just wanted to know who did it.

Mr. ROSS (*Souris*): Are these quotas fairly rigid?

The WITNESS: No, they are all subject to appeal.

By Mr. Ross (Souris):

Q. For instance suppose a man has had a series of poor crops and comes along into a period of pretty good years with heavy crops with the result that there is quite a demand for new machinery—what do you do to meet a case of that kind?—A. The quota for Manitoba is under the Winnipeg office and that includes all Manitoba it is not laid down to a small rationing district, the districts are all quite large.

Q. Well, how is it rationed for certain districts, does it not vary a great deal due to local conditions?—A. I could not answer that, I could not give you the exact quotas by districts.

Q. I understand that it has been rather rigid and rather unfair to certain districts in that respect alone.—A. I do know that a great number of appeals have been made in respect to situations such as you have outlined, and any possible action that could be taken has been taken to relieve the situation.

The CHAIRMAN: Order, gentlemen; two or three are talking at once. And Mr. Evans has a question he wants to ask, then Mr. Leger.

Mr. MACDIARMID: Oh, I come from the east; I do not have a chance to ask questions.

An hon. MEMBER: Who howled you down?

The CHAIRMAN: Order, gentlemen, please.

Mr. EVANS: I have asked Mr. Armstrong to give us the names of the boards at Saskatoon and Regina.

The WITNESS: The farm machinery rationing officer at Saskatoon is Mr. R. H. Potter, and the agricultural consultant is Professor E. A. Hardy of the University of Saskatchewan. The farmers' representative is Mr. W. M. Brooke. The Regina rationing officer is Mr. C. W. Martin, the agricultural consultant is Mr. L. B. Thompson and the farmers' representative is Mr. C. O. Smith.

The CHAIRMAN: Now, Mr. Leger.

By Mr. Leger:

Q. Could you tell the committee why the rationing board was transferred from Moncton to Saint John in New Brunswick?—A. I could not answer that question.

Q. Would you give us the names of the men composing the Saint John board?—A. Yes, they are Mr. K. Jewett, the agricultural consultant is Mr. C. F. Bailey, superintendent of the dominion experimental station and the farmer member is Dr. L. A. Donovan.

By Mr. Douglas (Queens):

Q. Could you give us the names of the boards at Montreal and Quebec City?—A. The Montreal rationing officer is Mr. E. B. Hyndman, the agricultural consultant is Professor L. G. Heimpel, of Macdonald College, and the farmer representative is Mr. H. C. Bois.

Q. I asked you for Quebec City too.—A. The rationing officer is Mr. Alphonse Blouin, the agricultural consultant, Mr. Andre Auger.

The CHAIRMAN: Somebody asked for Toronto, Ontario?

The WITNESS: Toronto—Mr. R. M. Knox is the rationing officer; the agricultural consultant, Mr. J. A. Carrol, of the provincial Department of Agriculture.

The CHAIRMAN: Do you know the name of the farmer member?

The WITNESS: Mr. Young is the farmer representative.

By Mr. Rickard:

Q. Is he in the district near Toronto; where is he situated; where does he live?—A. The farmer?

Q. Yes.—A. His address is given as Milliken.

The CHAIRMAN: Somebody has asked with respect to Manitoba.

Mr. ROSS (*Souris*): The board of Manitoba.

The WITNESS: The board in Manitoba, R. C. Trimble, rationing officer; Professor L. G. Shanks, the agricultural consultant; Mr. A. T. Rice, the farmers' representative.

By Mr. Fair:

Q. Could we have the Edmonton and Calgary representatives in order?—A. W. C. Trimble, rationing officer; Professor J. MacGregor Smith, agricultural consultant, and James Paul, farmer member. Calgary: Mr. R. G. Smith, and Dr. W. H. Fairfield, Dominion Experimental Station, Lethbridge; the farmer member is Mr. H. P. Wright of Airdrie.

The CHAIRMAN: Dr. MacDiarmid, you had a remark to make.

By Mr. MacDiarmid:

Q. Are electric pumps in your category, electric pumps for farm milking; pumps used on the farm for pumping and milking?—A. Yes, electric pumps.

Q. I have a farmer down here who wrote to me—in fact, came to see me along with his wife. They have no help. They have about fifteen cows. They made application to the Wartime Prices and Trade Board for permission to get a pump. They can get the pump if they can get a permit. They were told the pump was not necessary. Anyone who knows anything about a farm in eastern Ontario knows that it consists of mixed farming and dairying, and he also knows that one man cannot handle 100 acres. This electric pump is very necessary. These people have gone to the Wartime Prices and Trade Board and have been told it is not necessary. They cannot get any hired help. The six men who came from the west came down to Alexandria the other day, but they do not know how to milk. This pump would be of great service to them, but they are not allowed to get it. What I should like to know is what is the idea of you people in the Wartime Prices and Trade Board saying who gets a pump and who does not? This pump is going to be used by this farmer for the milking of his cows; yet he is told it is not necessary. I should like to have some comment on that situation.—A. The farmer's position is he may appeal his case. It will then come before the board of appeal composed of the rationing officer, consultant and local farmer—was the case appealed?

Q. He appealed this week. It seems ridiculous to me, when help is so short, for the Wartime Prices and Trade Board to say, "You are not to get that pump because we do not think it is necessary; you can dig in and milk ten or fifteen cows alone."—A. The situation is, sir, that the number of pumps available may not be sufficient to cover—

Q. We can get the pump easy enough if we can get a permit. The company said, "We have all kinds of pumps, you get a permit." They are available. The company told him that. They said, "You can get the pump if you get a permit"; so that argument does not go.

Mr. CRUICKSHANK: I had exactly the same thing happen in my riding. The case to which I have reference is along the same line; a pump was found but a permit could not be obtained.

Mr. MACDIARMID: I had the same thing happen with regard to roofing.

By Mr. MacDiarmid:

Q. You do not handle roofing?—A. No.

Q. They can get the roofing but they cannot get a permit.

By Mr. Rickard:

Q. In regard to these pumps, is it necessary on your priority rating to get a permit?—A. For electric pumps, yes; it is not a priority rating, it is a permit. The pumps removed from rationing were wood well-pumps and pump jacks.

By Mr. Cruickshank:

Q. From whom do you get the permit?—A. From the rationing officer of the Wartime Prices and Trade Board.

Q. If I may interrupt one moment, that just proves what we have been asking for for three weeks. Will we get these Wartime Prices and Trade Board officials here so that we can ask them about these things?

The CHAIRMAN: I am sure the Wartime Prices and Trade Board will know all about this discussion.

Mr. CRUICKSHANK: Will we get these officials here so that we can ask them?

The CHAIRMAN: For the time being I hope we will continue our discussion with Mr. Armstrong. We can come to your point later.

Mr. MACDIARMID: They are available.

The CHAIRMAN: Mr. Armstrong has not even had the opportunity to explain the situation with respect to electric pumps. Perhaps he could be allowed to do so now. Would that be satisfactory?

Mr. MACDIARMID: If you think so.

The WITNESS: The 1943 quota for domestic water pressure systems is 50 per cent of 1940 for the east, and that means that the available supply of pumps under that small quota will be distributed as equitably as possible by the manufacturer under the direction of the administrator. The farm machine rationing officer has the information as to how many electric pumps have been allocated to his territory. He is advised of the date on which he will begin processing applications for electric pumps and he has to balance the number of applications for pumps against the available supply. If the applications exceed the supply the applications are gone over to try and determine in the fairest possible manner the cases which seem to be the most urgent to which to allot the available supply.

By Mr. MacDiarmid:

Q. They have the pumps, they are available. They say, "You can get a pump any time if you will get a permit."—A. I would suggest, Mr. Chairman, that the case might be referred directly to the administrator.

By the Chairman:

Q. I presume the local rationing officer has due regard for the general requirements of his entire district and in dealing with each individual case I presume he takes that into consideration. The application in this instance, I would think, would go to the rationing officer and would be relayed from there by way of appeal to the appeal board as well. Now, apparently the decision has been to decline to issue the permit. I think perhaps it would be quite proper for the case to be proceeded with further and the situation reviewed again.

Mr. SOPER: I think I had better come to the defence of the Wartime Prices and Trade Board because I had a case like this not long ago where a man had bought a milking machine from the De Laval Company and they had fed him for two months with the excuse they could not get a permit from the Wartime Prices and Trade Board. I went to the Wartime Prices and Trade Board and they searched the records and the De Laval people had never asked for a milking machine for these people. They told me there they always dealt with these requests within twenty-four hours because they knew how urgent it was to have farm equipment. I wrote back and told the man that and he went to the De Laval people and put it up to them and they admitted they never had asked for a permit because they were short of the machinery themselves. Within one week after that they installed a second-hand machine to do the work. They were passing the buck to the Wartime Prices and Trade Board instead of shouldering it themselves.

The CHAIRMAN: I am sure Mr. Gordon will be glad to hear these remarks.

By Mr. Leclerc:

Q. Are the rations the same in all the provinces?—A. Yes; the quotas available are for Canada as a whole except this, in 1943 the country was divided into western Canada and eastern Canada and B.C., in order to arrive at the quotas, because the type of machinery involved differs quite considerably on many items, but apart from that break-down of the west, and the east and B.C. within these areas the quotas are uniform.

By Mr. Cardiff:

Q. Do milking machines and the quotas come under your control?—A. No, under the control of the administrator, I am simply the representative of the Department of Agriculture.

Q. I understand that the quota of milking machines is limited to the number sold in 1941, that was for 1942. The Minister of Agriculture the other day told us it had been stepped up some. Can you tell us how much it has been stepped up in 1943?—A. Yes, milking machines; the quota for milking machines is 200 per cent of 1940.

By the Chairman:

Q. Of 1940?—A. Of 1940.

By Mr. Cardiff:

Q. What was it last year; is that this year?—A. That is for 1943. You want it for 1942?

Q. What was it in 1942?—A. The same.

Q. Mr. Gardiner said it had been increased.

By Mr. Lafontaine:

Q. Have you 1941?

By the Chairman:

Q. Have you got the quota figures there for 1941?—A. The equipment was not under quota at that time. The opening period for restriction order R-1 was November 1, 1941.

By Mr. Cardiff:

Q. This probably is not the place to discuss it, but I feel certain the department was well advised when it stepped up the quota on milking machines in 1943 because before this year is out I am afraid the quota on cheese will go down considerably due to the fact that rather a lot of farmers cannot get help and will be forced either to buy milking machines or go out of business. A lot of them are going out of herds entirely because they cannot carry on.—A. Wherever it has been found possible to procure additional material the manufacturer is at liberty to appeal to the administrator for an increase in quota, if he is able to find material, and I believe the milking machines are a case in point where recent appeals have been made since that quota was established.

By Mr. Fair:

Q. I wonder if Mr. Armstrong can tell us the situation with regard to metal roofing. I was talking to a farmer recently, not very far from the city here, and he told me he had a shingle roof on his barn at the present time which is leaking badly. He is prepared to put a metal roof on provided he can get the permit.

The metal is available but the permit is not. What would be the proper action to take in order to secure that roofing? His barn, as I understand it, is leaking badly. He has a herd of dairy cows in the barn and the situation is not very healthy.—A. Did I understand you to say that the metal is available?

Q. Yes.—A. Order No. 12 of the Controller of Construction limits the use of galvanized iron for farm buildings to the repair of buildings with an existing metal roof, and I believe the quantity permitted shall not exceed 20 per cent.

Mr. SOPER: He can buy up to 5 square.

The WITNESS: I think the figure is 20 per cent of the total roof.

By Mr. Rickard:

Q. Would that be limited to metal roof replacements, the replacement of a metal roof or replacement of any roof?—A. The repair of an existing metal roof. That applies to an existing roof. I have had experience in that regard with my barn and my shed. I have a shed about 50 feet long which has a shingled roof, and we have ordered a steel roof and the agent said we could get the steel roof if it was for a repair job but not for a new building. If I got that what position would I be in?

Mr. FAIR: Take the position that this man is in. He has an old barn and the present shingles are deteriorating and he wants to put a metal roof on instead of a shingled roof.

The CHAIRMAN: Apparently that comes under the Construction Controller's branch and he would apply there for his permit to do this.

The WITNESS: The order restricting this is order No. 12 of the Controller of Construction.

Mr. RICKARD: As I understand it, if a company who sells this material have it in stock you can get a permit, as long as the company is within its quota. Say they sell so much every three months and then they wait until their new quota comes on.

By the Chairman:

Q. Mr. Armstrong, have you given any consideration to the question of binder twine requirements?—A. Yes, we have been in consultation with the officials of the Controller of Supplies' office with respect to binder twine supplies.

Q. Can you give us any advice with respect to what the situation is likely to be this summer with respect to binder twine and if steps have been taken to see that an adequate supply is made available?—A. I do not know, Mr. Chairman, whether the figures are public information or not.

Q. The matter has been taken up and looked into, has it?—A. The matter has been taken up and looked into, and an adequate supply for a normal crop is, I understand, assured.

Mr. FAIR: Mr. Chairman, I have been wondering whether the twine which is at present being manufactured—the 500-foot twine will run uniform in strength and weight as our old 550- and 600-foot twine used to run, or whether it will be that knotty stuff. If that is the quality they are putting out of the 500-foot stuff now I think people can look forward to endless trouble with knots. I wonder what the quality of uniformity of that twine will be?

The WITNESS: I am sorry, I cannot answer that.

Mr. RENNIE: Does the question of township road machinery come under your jurisdiction?

The WITNESS: Road machinery is under the Administrator for Farm Equipment.

The CHAIRMAN: The same branch as agricultural equipment.

Mr. MACDIARMID: Has your department anything to say about who gets the roofing? Suppose a man gets burned out, has he a chance to get a roof?

The WITNESS: That is handled by the Controller of Construction.

Mr. MACDIARMID: If this man can get the permit he can get the roofing. He knows a retailer who has the roofing in stock. Has that anything to do with it? He has not got to go to the manufacturer; there are some people who have roofing in stock and they are retailers, and he can get it if he gets the permit.

The WITNESS: I cannot answer that. I cannot give you the details of the controller's order. I can simply give you the number.

Mr. MACDIARMID: They tell me that they can get the roofing from the dealer if they can get a permit.

The CHAIRMAN: Dr. MacDiarmid, that matter comes under the Controller of Construction rather than the Administrator for Farm Machinery.

By the Chairman:

Q. Mr. Armstrong, what about the matter of iron pump repairs and things of that character which are very often required on very short notice?—A. An arrangement was worked out with respect to securing replacements of that kind, where a man had a pump frozen and needed a replacement for a pump that was unrepairable, whereby he could appeal to the local rationing officer by wire or by telephone or in any other rapid way and later submit his application for a pump.

Q. I am pointing this out to you, Mr. Armstrong, in the record and I am doing so because I think it should be brought to the attention of the farm machinery administrator. Many of us know the condition where an accident or something of that kind might happen to a stock pump out in the country where the man is some distance even from a town and he has no water for his stock even for that day, which he must have. Now, if he has got to take time to have someone send to Regina or Calgary or Winnipeg to the rationing office to get permission to purchase the repairs for a pump, it seems to me to be going around a little too far?—A. Pardon me, repairs are not rationed; you do not require a permit to purchase repairs.

Q. In the case of a pump?—A. In the case of a new iron pump a permit is required.

Q. You might have a pump that would break down so that it could not be repaired some morning when you got up.—A. Arrangements have been made whereby you can telephone or telegraph the local rationing office and procure a permit, subject to completing the necessary application form.

Mr. RICKARD: What is the address of the rationing officer in Toronto and what is his name?

The CHAIRMAN: His name has already been put on the record.

The WITNESS: R. M. Knox, 408 Northern Ontario Building, 330 Bay street, Toronto.

Mr. FAIR: Have you got the address of the construction controller here in Ottawa?

The WITNESS: Department of Munitions and Supply, building No. 3.

The CHAIRMAN: Are there any further questions?

Now, gentlemen, Dr. Swaine was expected here this afternoon but I find that we got our wires crossed somewhat and he is out of town, so we will have to make provision for hearing Dr. Swaine at another meeting. I think, perhaps, he will be back in the morning—I cannot say definitely—but probably you would like to leave it to me to arrange for Dr. Swaine's appearance, if that will meet the situation. Dr. Swaine is the Director of Science Services of the Department of Agriculture.

If there are no further questions which you wish to ask Mr. Armstrong, may I say that we are very grateful to him for his attendance here to-day. I think the committee has secured a great deal of valuable information, and I hope he will see to it that the observations made by the various members will be passed on to Mr. Bloom who is in charge of this matter for the Wartime Prices and Trade Board.

Mr. CRUICKSHANK: Mr. Chairman, when could we have Mr. Nadeau of the Wartime Prices and Trade Board before us? Have I got to move that he be requested to come? Is there any particular reason why we cannot have some official of the Wartime Prices and Trade Board here?

The CHAIRMAN: That is a matter for the committee to decide. I simply point out that the order of reference is specific as to what the committee shall go into. When that was done then the committee was to consider what further representations it was to hear. We still have one or two witnesses to hear in connection with our present reference, and I should say that when that time is reached we would call the steering committee together to determine the course of our future program. We have not had anyone as yet from the National Research Council. I do not know what the committee's wishes will be with respect to calling people from the National Research Council, but until those people are heard I had not thought of giving consideration to calling representatives from the Wartime Prices and Trade Board. Personally, I think that matter should be left until this order of reference is completed.

Mr. CRUICKSHANK: Speaking personally, and that is the only way I can speak, in so far as our province is concerned we think the most valuable information we can obtain at the present time will be from the Wartime Prices and Trade Board. Right to-day, for example we have the agricultural committee sitting while the Minister of Agriculture's estimates are before the house.

The CHAIRMAN: No, sir. The Minister of Agriculture completed his estimates before this committee sat this afternoon.

Mr. CRUICKSHANK: I stand corrected. I was not sure when they were completed.

The CHAIRMAN: Matters pertaining to the Wartime Prices and Trade Board with regard to the things we have been discussing have been pretty well discussed in the house.

Mr. CRUICKSHANK: That is your opinion, Mr. Chairman; it is not mine; and with all due deference to the steering committee—

The CHAIRMAN: May I say that the steering committee has not considered the matter yet, so do not blame them.

Mr. CRUICKSHANK: Apparently, they have not considered it; but the information given to me was that the original motion which carried unanimously gave us the right to call these people and that was not presented, and for some reason or other that has not been explained. My understanding was—whether correctly given to me or not by members of this committee—that we would have the right to call members of the Wartime Prices and Trade Board before us. For some reason which I cannot understand but can only imagine, the only opportunity we will get to call the Wartime Prices and Trade Board will be about the time that the house rises and we will have no committee. Now, I cannot see why we cannot do this. If we have to get an order of reference to do it, very well. Let us have four sittings and get these men through, but let us be fair about the matter. I am expressing my own opinion—I am not suggesting that I have been howled down—I have always had a fair and attentive hearing—

The CHAIRMAN: Did you say you had been howled down?

Mr. CRUICKSHANK: No, I said I had not, and I should like to see somebody howl me down. I am entitled to express my opinion, and it is my opinion that for some reason or other we are being blocked—I do not know by whom—in getting the Wartime Prices and Trade Board before us. If the only way I can get that information is by other means I will probably be criticized on the floor of the house for tying up Mr. Ilsley's estimates. I can take the matter up on Mr. Ilsley's estimates, and I will be told that I am tying up his estimates in the house.

The CHAIRMAN: Mr. Cruickshank, I have pointed out that the order of reference has dealt with the matters that we have had before this committee and that the present order of reference before the committee is not yet completed. When it is completed it will be the duty of the steering committee to make recommendations to this committee as to future proceedings. That is the position that I think is a reasonable one to take. But as I say, we still have witnesses to call before this committee, and when their evidence is completed we can decide what the future course of the committee will be.

Mr. CRUICKSHANK: That will be after the house has risen.

Mr. RICKARD: There are only two more witnesses, are there?

The CHAIRMAN: Unless we call someone from the National Research Council.

Mr. LEGER: I move that the committee adjourn to the call of the chair.

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SESSION 1943

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS

Including Third and Fourth Reports

No. 16

FRIDAY, JULY 16, 1943

MONDAY, JULY 19, 1943

OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1943

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REPORTS TO THE HOUSE

THIRD REPORT

TUESDAY, July 20, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its third report:

The Committee held five meetings and reviewed the reports and the accounts of the Canadian Wheat Board for the crop year 1941-42, as well as reviewing the policies in effect since the passing of Orders in Council 1800, 1801, 1802 and 1803.

The Committee had before it as witnesses:—

Mr. Geo. H. McIvor, Chief Commissioner,

Mr. R. Finlay, Controller, and

Mr. C. B. Davidson, Statistician.

The Committee commends the Officers of the Canadian Wheat Board for the comprehensive, detailed and lucid manner of presenting the reports and the accounts.

The Committee was also gratified to learn that two particular recommendations of last year's Report had been substantially carried into effect. In this regard the Committee urges that continued efforts be made by the officers of the Canadian Wheat Board towards securing a further reduction in grain handling and storage charges.

The Committee commends the action taken whereby men joining the Armed Services were permitted to deliver the full amount of their share of any grain they might have an interest in and recommends that this policy be extended to include marketings of the 1943-44 crop.

The Committee is of the opinion that the policy with respect to the marketing of flax should be further reviewed by the Government.

In view of the abnormal transportation and grain storage conditions the Committee urges that consideration be given to the advisability of paying farm storage.

The Committee recommends:—

1. That the Wheat Board further consider the policy of allocating cars to elevator points for the movement of producers' grain;
2. The Committee urges that a close check be maintained on the spread between the ceiling price of feed grains and the price paid by live-stock feeders in Eastern Canada and British Columbia;
3. That the Government consider the advisability of authorizing the Canadian Wheat Board to take control of the handling and marketing of oats and barley on a pooling basis, according to grade;
4. That the practice of referring the Annual Report of the Canadian Wheat Board to a Committee of the House be continued.

A copy of the evidence taken by the Committee is annexed hereto.

All of which is respectfully submitted.

W. G. WEIR,

Chairman.

FOURTH REPORT

TUESDAY, July 20, 1943.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its fourth report:

The Order of Reference directed to the Committee was in the following terms:

That the Committee be authorized to review:—

1. The Wartime Marketing policies administered by the Department of Agriculture with respect to

- (a) The Agricultural Supplies Board
- (b) The Special Products Marketing Board
- (c) The Dairy Products Board
- (d) The Meat Board

2. The agricultural research activities of the Department of Agriculture and of other government agencies.

3. The administration of farm equipment rationing.

The Committee called before it officials responsible for administering the various wartime production and marketing Boards established in the Department of Agriculture.

Each official outlined the policy followed with respect to the particular Board for which he was responsible. Through questioning much valuable information was secured regarding the details of policies being pursued.

At the outbreak of war, most agricultural products in Canada were on a surplus production basis. It was not until the latter part of 1942 that definite production goals could be set. To date Canada has filled all undertakings to supply agreed upon amounts of food products to the United Kingdom.

However, with additional demands of our own Armed Forces, ships' stores, the requirements of American people in Canada and Alaska, the supplying of people of Newfoundland and the possible requirements of occupied countries, together with the added demands of the Canadian people, the food production resources of Canada are likely to be severely taxed.

The Committee therefore believes that additional encouragement should be given to the production of essential foods in Canada.

Of particular interest has been the steps taken in developing a standardized curing and grading system to maintain the quality of Canadian pork products shipped to the United Kingdom.

Of even greater recent importance has been the development in methods of storing, canning and dehydrating potatoes, vegetables, fruits, eggs and milk. The conservation of storage and shipping space resulting from these developments is of particular importance in supplying concentrated food products to Great Britain, the Allied countries and our own Armed Forces. These developments will, it is believed, have an important bearing on the utilization of many perishable and semi-perishable farm products following the close of hostilities.

The Committee views with satisfaction the steps taken by the Department to assure an adequate supply of certain essential agricultural products, the supply of which had been materially affected since the outbreak of war, the items most affected being garden seeds, pesticides, fungicides, and oil and fibre producing crops.

The Committee also reviewed the policy of paying Freight Assistance on feed grains shipped to Eastern Canada and British Columbia, as well as the subsidy paid on feed wheat and the Freight Assistance on fertilizer shipped to Eastern Canada. It is felt that this assistance should be continued as a means of securing increased live-stock production.

The Committee reviewed the policy of rationing agricultural machinery and the steps taken through the Department of Agriculture towards the securing of an adequate supply of farm equipment.

With respect to the marketing of farm products reviewed, the Committee begs to recommend:—

1. That in paying bonuses or fixing prices for agricultural products, more consideration should be given to the cost of production;
2. (a) That the Meat Board should be prepared to take any precaution necessary to assure that the price of live cattle shall be kept in the proper relationship to beef carcass floor prices and that an endeavour be made to maintain a proper relationship between hog prices to the producer and the price of pork products realized by the processor;
- (b) That with a view to maintaining a high reputation for Canadian bacon after the war, the Department should continue to control the quality of pork products exported from Canada;
3. That licensed Egg Grading stations should be obliged to publish their Egg Grading records;
4. That consideration be given to the sale of eggs by weight rather than by the dozen;
5. That consideration be given to paying a bonus on marketed dairy butter;
6. That as an incentive to increased milk production consideration be given to the payment of a subsidy on evaporated milk during the summer months;
7. That as a means of assisting in relieving the grain storage facilities of Western Canada, steps should be immediately undertaken to move as much feed grain as possible to Eastern Canada;
8. That with the necessity of continued rationing of farm equipment efforts should be made towards the standardization of staple agricultural machinery and repairs, and that priorities for essential farm equipment be increased;
9. That in the appointment of Marketing Boards, consideration be given to adequate producer representation.

The Committee also reviewed the scientific work undertaken by the Department of Agriculture through the Dominion Experimental Farm System and the Science Service Branch of the Department. The possibilities of developments in this regard, both from the point of view of producing new varieties and the utilization of farm products for other purposes, opens possibilities deserving of greater exploration.

The Committee is of the opinion that greater publicity should be given to the scientific and experimental developments carried on by the Department of Agriculture, and that where work of this character is undertaken in the interest of agriculture, credit for such developments should be given to the Agricultural Research people as a means of further encouraging this type of work, and also of acquainting the public with what is actually being accomplished.

Having regard to the importance of research, both in the production of new types of crops and in the finding of new uses for agricultural products, as well as the valuable work under way, particularly since the outbreak of war, with respect to dehydration, storing and preserving of semi-perishable and perishable farm products, the Committee urges that this type of research be continued.

The Committee found that the officials appearing before it were highly competent and thoroughly familiar with the particular duties they were called upon to perform. The Committee wishes to express its appreciation to the officials for the courteous manner in which they provided information to the Committee.

A copy of the evidence taken by your Committee is annexed hereto.

All of which is respectfully submitted.

W. G. WEIR,
Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, July 16, 1943.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock, a.m., the Chairman Mr. Weir, presiding.

Members present: Messrs. Blair, Clark, Cloutier, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Fontaine, Furniss, Golding, Lafontaine, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), Matthews, Nielson (Mrs.), Perley, Quelch, Rennie, Rheame, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Ward, Weir, Wright.

On behalf of the steering committee, the Chairman presented the following Report:—

Your Steering Committee met and gave consideration to the matter of further meetings of the Committee with respect to the Order of Reference directed to it from the House of Commons.

The review contemplated by the Order of Reference has been completed except for the calling of representatives of the National Research Council and one representative of the Science Service Division of the Department of Agriculture.

In view of the discussion in the House of Commons with respect to the production of synthetic rubber it is doubtful if much additional information in this regard could be secured from officials of the National Research Council.

On the question of calling representatives of the Wartime Prices and Trade Board it is pointed out,

1. That the Order of Reference does not give authority to do so, and
2. That the amendment of Mr. Diefenbaker to the Steering Committee's report on Monday, June 10th, might technically preclude the Committee from doing so, and
3. The Minister of Finance in the House of Commons has dealt with practically every question raised in this Committee, so far as the policies of the Wartime Prices and Trade Board are concerned.

In view of the lateness of the Session, the Steering Committee therefore recommends that no further witnesses be called and that the Committee proceed to the consideration of a report on the two Orders of Reference directed to it.

And further, that a Minute be recorded recommending that early in the next Session of Parliament a similar Reference be directed to the Committee.

Mr. Golding moved that the Steering Committee's Report be approved.

Mr. Cruickshank stated that in his opinion a representative of the Wartime Prices and Trade Board should have been called and requested that his protest on this point be recorded.

After further discussion Mr. Golding's motion was carried (on division).

The Committee then proceeded to consider a draft of its Third Report to the House.

Arising out of discussion initiated by Mr. Perley, Mr. Ross (*Souris*) moved that the said draft report be amended by adding thereto the following recommendation:

"The Committee recommends that further consideration be given to improving the allocation of cars for the movement of producers' grain."

Mr. Wright moved that the motion be amended by the addition of the following words: "so as to give the producers the right to use the facilities of their choice."

Amendment negatived.

The question being then put on the main motion, it was adopted after the wording had been amended to read as follows:

"The Committee recommends that the Wheat Board further consider the policy of allocating cars to elevator points for the movement of producers' grain."

Mr. Perley moved that the draft report be further amended by adding the following paragraph:

"The Committee suggests that the Wheat Board consider advancing to the producer two thirds of the value of the undelivered portion of the wheat quota on his farm."

Motion negatived on the following division: Yeas, 8; Nays, 15.

On motion of Mr. Cruickshank, the Committee adjourned until 3.00 o'clock this day.

AFTERNOON SESSION

The Committee met again at 3.00 p.m., Mr. Weir presiding.

Members present: Messrs. Authier, Blair, Cardiff, Clark, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Ferron, Furniss, Golding, Lafontaine, Laflamme, Leclerc, Leger, MacDiarmid, MacKenzie (*Lambton-Kent*), Matthews, Perley, Rennie, Rheame, Rickard, Ross (*Souris*), Ross (*Middlesex East*), Senn, Ward, Weir.

The Committee resumed consideration of its Third Report to the House.

Mr. Perley moved that the draft report be amended by adding the following recommendation:

"This Committee recommends that the Government should authorize the Canadian Wheat Board to handle all oats and barley on a pooling basis according to grade, with initial price not less than the established ceiling price."

After discussion, and with the consent of the mover, the motion was amended to read as follows and adopted, viz.—

"The Committee recommends that the government consider the advisability of authorizing the Canadian Wheat Board to take control of the handling and marketing of oats and barley on a pooling basis, according to grade."

On motion of Mr. Evans,—

Resolved,—That the report be amended by adding the following recommendation: "That feed grain be delivered to Eastern Canada and British Columbia for feeding purposes at cost, plus a minimum of handling charges."

Mr. Perley moved that the Report be amended by adding the following:

"This Committee recommends that in view of the changed market conditions the Wheat Committee of the Cabinet should authorize the initial payment of wheat being increased to \$1.10 a bushel basis No. 1 Northern at Fort William, instead of the present 90 cents paid by the Canadian Wheat Board, and that the Wheat Board Act should be amended to permit this higher payment, at the present session."

The Chairman ruled the motion out of order on the ground that it would impose a financial burden on the people and thus require Royal recommendation, and also that the price of wheat had not been referred to the Committee.

Mr. Evans moved that the report as amended, be adopted and that the Chairman present same to the House as the Committee's Third Report.

Motion carried.

The Committee proceeded to consider a draft of the Committee's Fourth Report.

Mr. Senn moved that recommendation No. 2 (a) be amended by adding the following words: "and that an endeavour be made to maintain a proper relationship between hog prices to the producer and the price of pork products realized by the processor."

Motion carried.

On motion of Mr. Cruickshank,

Resolved,—That a new recommendation be inserted after No. 3, as follows: "That consideration be given to the sale of eggs by weight rather than by the dozen."

On motion of Mr. Cruickshank,

Resolved,—That a new recommendation be inserted after No. 4, as follows:

"That as an incentive to the increased production of milk, consideration be given to the payment of a subsidy on evaporated milk during the summer months."

Mr. Senn moved that the Report be further amended by adding the following paragraph:

"The Committee recommends that in the appointment of Marketing Boards, consideration be given to increased producer representation."

Motion carried.

Mr. Evans moved that the Report, as amended, be adopted and that the Chairman present same to the House as the Committee's Fourth Report.

Motion carried.

On motion of Mr. Cruickshank, seconded by Mr. Senn, a vote of thanks and appreciation was extended to the Chairman who, in turn thanked the members for their co-operation.

The Committee adjourned to the call of the Chair.

R. ARSENAULT,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, July 19, 1943.

The Standing Committee on Agriculture and Colonization met at 11.45 o'clock a.m., the chairman, Mr. W. G. Weir, presiding.

Members present: Messrs. Blair, Bourget, Cardiff, Clark, Cruickshank, Dechene, Donnelly, Douglas (*Queens*), Evans, Fair, Golding, Hatfield, Lalonde, Leger, MacKenzie (*Lambton-Kent*), Matthews, Perley, Ross (*Souris*), Ross (*Middlesex East*), Senn, Soper, Ward, Weir.

On motion of Mr. Golding, the minutes of the meeting held on Friday, July 16, were approved.

The chairman informed the committee that he had been advised by the Clerk of the House that certain recommendations contained in the third and fourth reports, as adopted at the last meeting, were out of order in that they would impose a financial burden on the public and would, therefore, require Royal recommendation.

Mr. Evans moved that the third report, as adopted at the last meeting, be rescinded to be reconsidered this day.

Motion carried.

The committee proceeded to a reconsideration of the draft of its third report.

Mr. Golding moved that the said draft be amended as follows:—

1. That all the words after "Government" in the first paragraph on page 2 be struck out; and
2. That recommendation number 2 on page 2 be struck out and the following substituted therefor:

"The committee urges that a close check be maintained on the spread between the ceiling price of feed grains and the price paid by live-stock feeders in Eastern Canada and British Columbia".

Motion carried.

Mr. Cruickshank moved that the draft report, as amended, be adopted and that the chairman present it to the House as the committee's Third Report.

Motion carried.

Mr. Evans moved that the fourth report, as adopted at the last meeting, be rescinded to be reconsidered this day.

Motion carried.

The committee proceeded to a reconsideration of the draft of its fourth report.

Mr. Evans moved that the said draft be amended by striking out recommendation 2(b) on page 3.

Motion carried on the following division: *Yeas*, 10; *Nays*, 7. Mr. Leger requested that his vote against the motion be recorded.

Mr. Evans moved that recommendation 6 on page 3 be struck out.

Motion negatived on the following division: *Yeas*, 6; *Nays*, 11.

Mr. Golding moved that the said draft be further amended as follows:—

1. That all the words following the words “farm products” on page 4, line 21, be struck out and the words “the committee urges that this type of research be continued” be substituted therefor; and
2. That paragraph 4, page 4, be struck out.

Motion carried.

Mr. Blair moved that the draft report, as amended, be adopted and that the chairman present it to the House as the committee's Fourth Report.

Motion carried.

Mr. Fair requested that the following corrections be made in the minutes of evidence:—

Page 314, line 41, should read, “Mr. Dechene: That's a damned lie” instead of, “Mr. Dechene: You are a damned liar”.

Page 316, lines 20 to 28, should contain a specific withdrawal by Mr. Dechene of the words complained of by Mr. Fair, viz: “That's a damned lie”.

With the concurrence of Mr. Dechene, the committee ordered that the minutes of evidence be so amended.

Moved by Mr. Golding that the committee extend its appreciation to the clerk of the committee for his faithful and valuable assistance.

Motion carried.

Moved by Mr. Golding that the chairman, on behalf of the committee, write to Mr. W. A. Hill, regular committee clerk, expressing regrets on learning of his illness, and wishing him a rapid and complete recovery.

The committee adjourned at the call of the chair.

A. L. BURGESS,

Acting Clerk of the Committee.

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(SESSION 1947)
(HOUSE OF COMMONS)

(STANDING COMMITTEE)

(ON)

(AGRICULTURE)
(AND)
(COLONIZATION)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

BILL No. 4—AN ACT TO AMEND THE CANADA
GRAIN ACT

TUESDAY, FEBRUARY 18, 1947

WITNESSES:

Mr. D. G. McKenzie, Chief Commissioner; Dr. D. A. MacGibbon and Mr.
C. M. Hamilton, Commissioners, and Mr. J. Rayner, Secretary, Board of
Grain Commissioners for Canada.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947



ORDERS OF REFERENCE

HOUSE OF COMMONS,

TUESDAY, 11th February, 1947.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:—

Messrs.

Argue,
Arsenault,
Barrett,
Beaudoin,
Belzile,
Bentley,
Bertrand (*Prescott*),
Black (*Cumberland*),
Black (*Huntingdon*),
Bryce,
Burton,
Cardiff,
Charlton,
Clark,
Cloutier,
Cote (*Matapedia-Matane*),
Coyle,
Cruikshank,
Dechene,

Desmond,
Diefenbaker,
Douglas,
Drope,
Dubois,
Fair,
Farquhar,
Fontaine,
Gagnon,
Gardiner,
Gibson (*Comox-Alberni*),
Golding,
Gour,
Hackett,
Halle,
Harkness,
Harris (*Grey Bruce*),
Hatfield,
Jutras,
Kirk,

Lapalme,
Laurendeau,
Leger,
Lesage,
Matthews (*Brandon*),
McCubbin,
McGarry,
McLure,
Menary,
Michaud,
Queleh,
Ross (*Souris*),
Senn,
Sinnott,
Townley-Smith,
Tucker,
Warren,
Webb,
Whitman,
Wright,
Wylie—(60).

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, 11th February, 1947.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, 11th February, 1947.

Ordered,—That the following bill be referred to the said Committee:—

Bill No. 4, An Act to amend The Canada Grain Act.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, 13th February, 1947.

Ordered,—That the name of Mr. Robinson (Bruce) be substituted for that of Mr. Hackett on the said Committee.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

WEDNESDAY, February 19, 1947.

Ordered,—That the said Committee be granted authority to print from day to day 500 copies in English and 200 copies in French of the Minutes of its Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

Attest.

(Signed) ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS TO THE HOUSE

WEDNESDAY, February 19, 1947.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FIRST REPORT

Your Committee recommends that it be granted authority to print, from day to day, 500 copies in English and 200 copies in French of the minutes of its proceedings and evidence.

All of which is respectfully submitted.

R. McCUBBIN,
Chairman.

WEDNESDAY, February 19, 1947.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

Your Committee has considered Bill 4, an Act to amend The Canada Grain Act, and has agreed to report it with amendments.

A copy of the minutes of proceedings and evidence is appended.

All of which is respectfully submitted.

R. McCUBBIN,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, 18th February, 1947.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m.

Members present: Messrs. Barrett, Beaudoin, Bentley, Bertrand (*Prescott*), Black (*Cumberland*), Black (*Huntingdon*), Bryce, Burton, Cardiff, Clark, Cote (*Matapedia-Matane*), Coyle, Cruickshank, Dechene, Desmond, Diefenbaker, Douglas, Drope, Dubois, Fair, Farquhar, Gagnon, Golding, Gour, Harkness, Harris (*Grey-Bruce*), Kirk, Leger, McCubbin, McGarry, McLure, Menary, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Sinnott, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Hon. J. A. MacKinnon, Minister of Trade and Commerce; Mr. D. G. McKenzie, Chief Commissioner; Dr. D. A. MacGibbon and Mr. C. M. Hamilton, Commissioners, and Mr. J. Rayner, Secretary, Board of Grain Commissioners for Canada.

On motion of Mr. Golding, seconded by Mr. Leger, Mr. McCubbin was elected Chairman of the Committee.

The Chairman thanked the Committee for the honour conferred upon him.

The Clerk read the Orders of Reference.

On motion of Mr. Ross, it was resolved that the Committee ask leave to print, from day to day, 500 copies in English and 200 copies in French of the minutes of its proceedings and evidence.

The Committee proceeded to consideration of Bill 4: An Act to amend the Canada Grain Act.

Mr. McKenzie was called, explained the purposes of the Bill, and was questioned thereon.

Mr. Wright moved that clause 1 be redrafted to amend Section 138(1) of the Canada Grain Act, as amended by Chapter 36 of the Statutes of 1939, by the deletion of the words *fifteen months* in the last line thereof and the substitution therefor of the words *twenty-two months*.

Mr. Rayner was called, and questioned.

Dr. MacGibbon was called, and questioned.

After discussion, and the question having been put on the said amendment, it was resolved in the affirmative.

On motion of Mr. Harris, it was resolved that clause 2 be amended by the deletion of the words *or deliveries* in line eight thereof.

On motion of Mr. Harris, it was resolved that the Bill be amended by the deletion of clause 3 thereof and the substitution therefor of the following:—

3. Section one hundred and two of the said Act is repealed and the following substituted therefor:

Fire and explosion insurance terminal and Eastern elevators.

102. The manager of every licensed public terminal elevator and of every licensed semi-public terminal elevator in the Western Division and of every licensed elevator in the Eastern Division shall

at all times keep all grain in such elevator fully insured by companies approved by the Board against loss by fire and inherent explosion during such time as it is stored therein or is in course of delivery into or out of same.

Fire insurance country elevators.

2. The manager of every licensed public country elevator shall at all times keep all the grain in such elevator fully insured by companies approved by the Board against loss or damage by fire during such time as it is stored therein or is in course of delivery into or out of same.

Adjustment of claims.

3. The loss, if any, under every policy of insurance issued pursuant to this section shall be payable to the holders of elevator or warehouse receipts for grain stored in such elevator as their interests may respectively appear, and the claims of such holders shall have priority to any claim by the manager of the elevator or by any assignee of such manager.

On motion of Mr. Wright, it was resolved that clause 4 be amended by the deletion of the words *Except as otherwise provided by regulation or order of the Board*, in the fifth line thereof and by the substitution of the word *twenty-two* for the word *fifteen* in line nine thereof.

On motion of Mr. Wright, it was resolved that clause 5 be amended by the deletion of the words *Except as otherwise provided by regulation or order of the Board*, in the fifth line thereof and by the substitution of the word *twenty-two* for the word *fifteen* in line nine thereof.

Clauses six and seven were adopted without amendment.

The Committee reverted to consideration of Clause 1.

On motion of Mr. Wright, it was resolved that the Bill be further amended by the deletion of clause 1.

Schedules one and two were adopted.

The witnesses retired.

The preamble and title were adopted.

The Bill, as amended, was adopted and the Chairman ordered to report to the House accordingly.

The Committee adjourned at 12.55 to meet at the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, February 18, 1947.

The Standing Committee on Agriculture and Colonization met at 11 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, I want to thank you for the honour you have bestowed upon me in electing me to act as chairman of this important committee; for, after all, agriculture is still the most important industry and occupation in Canada.

We have been given an order of reference by the house to deal with on this occasion, and I would have the clerk now read the order of reference.

The CLERK:

On motion of Mr. Mackenzie it was resolved,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to it by the house; and to report from time to time its observations and opinions thereon; with power to send for persons, papers and records.

And:

That the following Bill be referred to the said Committee:—

Bill No. 4, an Act to amend the Canada Grain Act.

The CHAIRMAN: You have heard this order of reference. What is your pleasure with respect to it? I might say at the outset that we have witnesses here now from the Board of Grain Commissioners and they are willing to give their evidence and also to be questioned in respect to this matter. If you wish to go ahead with it now, I am prepared to do so. I would like to know what your feeling is with respect to the matter.

Mr. SENN: Are the representatives of the Board of Grain Commissioners here?

The CHAIRMAN: Yes, we have them here.

If you are ready to go ahead we will distribute the bill. If that is your wish, we will go ahead. And while the bill is being distributed to each and every member of the committee I think it is customary at the opening of proceedings of the committee to have a motion to print. In the past it has been customary to print five hundred copies in English and two hundred copies in French of the report of our proceedings. Will someone make a motion?

Mr. ROSS: I so move.

Mr. DECHENE: I second the motion.

The CHAIRMAN: It has been moved by Mr. Ross, seconded by Mr. Dechene that we print five hundred copies in English and two hundred copies in French of the report of our proceedings and evidence. What is your pleasure, gentlemen?

Motion agreed to.

There is another matter which also might be dealt with; that is the reduction of the quorum. I understand that normally the quorum of the agriculture committee is twenty. Right now there is no need of changing it because there are no other committees sitting and we may be able to have twenty members present at all times, but later on there will be other committees and we might have difficulty in getting our quorum of twenty. Do you wish to reduce this quorum to fifteen, or not?

Mr. GOLDING: Not now, Mr. Chairman.

Mr. ROSS: Not now; reduce it later if we think we have to.

The CHAIRMAN: That is fine. I wanted to bring that matter before you. We have with us to-day Mr. McKenzie, Chief Commissioner of the Board of Grain Commissioners; and I think if he would make a short statement on the amendments it would be advisable, and would also give us some leeway and some lead with respect to them. We will now hear from Mr. McKenzie.

D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, called:

The WITNESS: Mr. Chairman, Mr. Minister and members of the agriculture committee: Unfortunately I am labouring under a bit of a cold this morning. If my voice sounds a bit froggy, you will know what is wrong.

As most of you know, it is now a matter of seven or eight years since there were any amendments introduced to the Canada Grain Act. During our administration in the intervening years we have found out of our experience that at least certain amendments should be introduced. We bring these to you because we feel that if they receive your sanction and are written into the Act it will permit our board servicing both the producers and the trade generally just a little bit more effectively.

Mr. Chairman, with your permission, I will just give you a very short interpretation of various clauses that are in the Act before you. This is bill No. 4, that you have before you. I will deal with the clauses in turn; then, after I have done this, if you desire to go back over them one by one, and if any question arises in the mind of anybody present and you desire to have information in respect to any particular matter or clause, my colleagues and the secretary of the board, in addition to myself, will be glad to give you the fullest information we can in respect to it.

Clause 1, amends section 15, of the Canada Grain Act which gives the board power to make regulations. This is related to clauses 4, and 5, of bill No. 4. And if that passes then it is necessary to amend section 15, as provided in clause 1, so the board will then be able to make regulations relating to the subject matter of clauses 4, and 5.

Clause 2, is perhaps one of the most important of the clauses in the bill before you. The significance of the clause is most apparent when there are car shortages, and it deals with the problem of an amendment to an important clause of the Canada Grain Act, section 62. This gives to the farmer with a car of grain the right to put his application on the car order book for a car to be loaded where he specifies. I mean he may if he chooses have that car located at a loading platform or any elevator at the point from which he is shipping. Such a farmer may order one car at a time while the elevator agent may order two cars. They then get their car or cars in turn as cars are made available to that point. Now, the amendment does not affect that position at all but it does make provision that when a farmer delivers to an elevator, he may then sell his grain and transfer his right to the car to the company buying the grain. And now, the main reason for that is that we think it will help the producer by doing two or three things. Remember, he now has a car of grain at the elevator; and incidentally, sir, may I suggest that we would like a slight amendment moved on this clause at the proper stage of the discussion, eliminating the two words "or delivers" in section 4 of clause 2.

Hon. Mr. MACKINNON: That is in line 26.

The WITNESS: It is quite possible that my manner of describing this is not parliamentary.

Mr. GOLDING: What was that again?

The WITNESS: Strike out the two words "or delivers", appearing there in line 26. We will have copies available for you when you deal with the amendment that we would like to see introduced. Perhaps I could just now in a word say that we do not like the phrase "or delivers" because it is so indefinite. It might mean to-morrow, it might mean two months from now, it might mean three months from now; so that we do not like that and that is why we are going to ask you to delete it. Now, the reason for these. Remember, the farmer has his car of grain in the elevator. He is waiting for a car. This regulation only operates when cars are scarce. He might have to wait a considerable time for his car. He may be in need of money and therefore go to the company and get an advance against his grain, and if he has to wait some considerable time he has to pay interest on the amount of that loan. Secondly, if the grain is in the elevator long enough he may have to pay storage on grain that he has housed. At a later date I am going to ask Dr. MacGibbon to elaborate this point for you a little. We feel that it strengthens the bargaining position of the farmer, particularly in case he has to wait a good while to sell his grain. In other words, if he is waiting for a car and has to sell his grain for any reason it is conceivable that he might have to take something less than the track price for his grain; and we feel that by the introduction of this amendment, it will put him in a position where he could obtain payment for his grain at the track price. Later on Dr. MacGibbon will probably elaborate on that further for you.

Clause 3 of this bill amends section 102. This section applies to every operator of terminals in the western division, to ensure against loss of grain in elevator by fire or inherent explosion. You will note that as it is in the Act now it applies only to elevators in the western division, and is not applicable to elevators in the eastern division. We feel that it is very desirable that they should be put on exactly the same basis as the elevators in the western division, and so we are asking for an amendment to the clause so as to make it applicable to both—to the eastern and western terminal elevators. Now, here too we are asking for a further amendment. We do not like this clause as drafted, because if it passed in that form the country elevator would have to carry inherent explosion. That we think is very unnecessary because the risk of explosion in a country elevator is very remote; indeed, I do not think it has been known in the history of the grain trade. I do not think anyone ever experienced an explosion in a country elevator; and therefore we think it is quite unnecessary to ask companies to insure against that risk, one which to all intents and purposes is not present. So a little later on when we are discussing that we will have available for you some amendment to that clause.

Section 4—or, I should say clause 4—deals with section 138 of the Act and provides for the weigh-over of terminal elevators at periods of not less than nine months nor more than fifteen months. Here, too, we are asking for an amendment. The reason for our asking that arises out of our experience of the last several years. There have been times when it has been highly impractical to weigh-over an elevator within the limits of the fifteen months, and we would prefer that you would extend to the board the same provisions that we have, shall I say, enjoyed, under the order in council passed under the War Measures Act. It gives us power when circumstances would warrant it to deal with the weigh-over. And I want to emphasize the word deal, because when the physical matter of weigh-over makes it impractical to have it done it gives us time to delay it two or three months if we feel it is advisable so to do. Now, the reasons for that will be fairly clear to all of you when you realize what the situation is. If we go into an elevator say at the end of the fifteen month period and attempt to weigh-over we may find that the house is so full of grain that it is almost impractical if it is not entirely so to weigh the house over. If we insist on weighing we tie the house up for a period of perhaps two or three weeks, because everything is sealed up and the elevator can take no grain in, or might not be

able to take any more in, or it might not be able to ship any grain out during that period; which in turn might mean some embarrassment to the wheat board, if they wanted to move a wheat forward at any time to meet any emergency. And it imposes heavy costs, both terminal costs and on our own organization. Obviously, the cost of weighing the house over perhaps two or three months later would be less if the stocks on hand in the meantime had been reduced several hundreds of thousands of bushels; and, moreover, if we have to go in there, it takes our crew of weighmen just that much longer to weigh the house over. They work under difficulties. Costs are greater. It costs us more money to do the weigh-over; and by the same token it costs the elevator operator more money, as well as interrupting the ordinary operation of his elevator. For these reasons we are asking that section 138, be amended as provided for in clause 4.

Clause 5 is an amendment to section 138a of the Act and makes the same conditions applicable to houses in the eastern division.

Clause 6, sir, is merely providing for a schedule in the grain Act. It is an amendment to schedule 1. This is made necessary because during the war years we have developed both in the eastern and western divisions the production of certain new crops; rape seed, sunflower seed, soybeans and peas in the western division, and it becomes necessary to include them. In the schedule if we are going to establish definite grades we have to define them in our Act. That is clause 6, and it relates to the western division.

Clause 7 makes a simple provision by an amendment to schedule 2, in the eastern division, to cover rape seed, sunflower seed, soybeans and flaxseed, now being grown in the eastern division.

Now, Mr. Chairman, I think I have given the members of your committee in a general way at least the implications of these amendments. If there is any further information we can give you we will be glad to do so.

The CHAIRMAN: Thank you, Mr. McKenzie. Now, I think we will take the bill clause by clause; and if at any time you wish any information or if members want to ask any questions of the witnesses who are here, they will try to answer them. Are you in favour of taking the amending clauses one by one?

Some Hon. MEMBERS: Agreed.

Mr. Ross: Mr. Chairman, I want to say that I am not in favour of the change and I would like to make my position very, very clear, in view of the very high regard I have for the present chief commissioner. May I say that I was very pleased when the present chairman received his appointment. I have known him for many years. But I am not at all sure that the same person will continue on the board. The present chief commissioner like myself has no definite lease on life. If I were sure that he were going to continue I would probably not question this clause, but I take it that the condition that has been set forth by the chief commissioner as being applicable during the war years does not apply to-day. I do not think the chief commissioner will even question that?

The WITNESS: That is admitted.

Mr. Ross: Just as an example I want to read from The Current Review of Agricultural Conditions in Canada, published by the Bureau of Statistics; and it says on page 4, of volume 7, No. 3, of the report:—

It is estimated that Canada's export of wheat and wheat flour equivalent during the first four months of the 1946-47 season totalled approximately 75 million bushels as compared with 154 million for the corresponding period a year ago. This situation is largely due to the fact that Canada's export program was thrown off schedule early in the crop year. At the beginning of the season, lakehead stocks were at a very low level and only minimum supplies were available in export positions.

Then further down the same page:—

Up to November 28, more than 216 million bushels of wheat had been delivered at country points. Deliveries to the same date last year amounted to 156 million bushels. With the seasonal decline in marketings under way, a much lower rate of delivery is expected to prevail over the remainder of the crop year.

I think that pretty well takes care of this situation for the 1946-47 crop year. I have other statistics which I might quote, information put out by the board itself, but I do not intend to take up the time of the committee at this stage by referring to them. Everybody realizes that there is a great export demand for all the wheat that we can deliver at present in this country. With those statistics and facts thoroughly in mind I do not think anybody will argue that there is going to be any congestion at the terminal elevators within the next year or so at least. The minister has pointed out they have been able to operate and postpone this weigh-over during congested periods by order in council. I think in many other respects they are rather anxious to get away from that, and this is a rather indefinite continuance of this regulation.

The Commissioner pointed out probably they would want a postponement of two or three months at times if there was this congestion at some time in the future. There is nothing in that Act that says you would have to have a weigh-over within two or three months. If there were some other commissioner and we wanted information there might easily be a very indefinite postponement. You could keep postponing this weigh-over. The weigh-over was brought into being as a safeguard originally. I do not think there is any argument about the practicability of having that weigh-over in the Act. I know what would happen in many areas if you did not have the weigh-over at your local elevators.

I was very pleased to hear the minister say in the House he had some doubts about this part of the bill. Finally after discussion with the Minister of Agriculture he said he was quite prepared to drop this section of the bill if the committee thought it wise.

I feel rather keenly about this. I think it is a safeguard that should be in the Act at all times in the future. It does give you some variation from nine to fifteen months in the present Act. I have a copy of the Act here. It gives you some variation for a six months period. You can take the weigh-over within that time. I am very much opposed to giving this authority to any board because, as I say, the personnel of your board may change in the future. I should like to see that section of this proposed bill deleted completely, and that we continue the sense of the Act providing for a weigh-over some time between nine and fifteen months each year. I can see a lot of difficulties. We would probably be very sorry in the future under different personnel. We might get into certain difficulties when we wanted information. If those officials wanted to postpone the weigh-over indefinitely we would be in a pretty tough spot. I think it is a safeguard we owe to the people of the country. I should like to see the section dropped.

MR. BURTON: I believe that anyone familiar with the movement of grain will realize that during the past few years we have gone through an abnormal situation, but we also realize, as the member for Souris has pointed out, that that situation has pretty well disappeared. I cannot see why the board should need these additional powers entering this period after the war.

As has been pointed out they have a leeway of six months during which they can ask to have this weigh-over. I should like to ask the commissioner if in the history of the board in the years prior to the war at any time they found it impossible to comply with the Act within that six months period of time. If it was not necessary prior to the war then I cannot see why we should need to

incorporate an order in council into a permanent statute. As has been pointed out the minister himself admitted the other day that it was taking a considerable amount of power on the part of the board, and he felt inclined to agree to the withdrawing of that section of the bill.

I would suggest that if he still feels the same way about it that in all probability the work of this committee, in so far as this bill is concerned, will be greatly reduced if he will make a statement to that effect now. Then we can go ahead with the other minor details of the bill.

The CHAIRMAN: Has anyone else anything to say?

Mr. BENTLEY: I should like to ask the witness this question if I may. Is there not some other way that the things you envisage as being necessary could be taken care of rather than putting it into an Act? As Mr. Ross and Mr. Burton have just said we may have a new Board of Grain Commissioners one day with different ideas than those of the present members of the board. That might possibly affect the whole matter even as to the grading of grain, grade certificates and all these things in view of the regulations for the grading of grain that have been introduced in the last five or ten years. Is there not some other way this postponement could be given, if necessary in the future, without having it embodied in a statute?

The WITNESS: Mr. Chairman and gentlemen: Frankly I do not know any other way unless we take the law into our own hands and ignore the limitations that are now in the Act. The Act specifically says those weigh-overs shall be not less than nine months and not more than fifteen months. I confess to you we would not be very happy if we were forced into a position where we arbitrarily had to ignore the limitations of the Act.

I think this might be said. Both the operators and ourselves want the weigh-over. The operators want it to check their own operations to see where they stand at any given time. We want it because we have got to check their stocks against outstanding papers to see that they are operating in accordance with the Act, and so on.

Of course, I appreciate what Mr. Ross has said. I also appreciate the fear that is in your mind, but frankly I cannot see that there is any very great danger for that reason. Ordinarily we weigh these houses over every year. One can only suggest possibilities to you. It is conceivable if we had a big crop in this country this year, 1947, next year we might have a surplus. The big terminal annexes at the head of the Lakes have largely disappeared and we might be faced with this problem again. If you do not write it in now we will have to come back and either persuade the government to pass another order in council or ask you to amend the Act. We can conceive of the terminal house at Churchill being plugged with grain almost at any time if the boats cannot get in there, and we simply could not weigh the house over. If there was a strike in shipping circles and ships were not coming into Vancouver we might have a house at any time, even in the face of a short crop, tied up by reason of no ships being available. I admit to you quite frankly these are only contingencies, and we do not want to urge these things to you unduly. We simply suggest what is to us a really difficult problem. Personally I do not see the dangers that you suggest. The secretary has just handed me a note about something I had forgotten. The board's regulations at any time can be rescinded by the Governor in Council so the final power is not in the hands of the board but of the government. So that if we take undue advantage of the regulations prescribed the government can always rap our fingers, tell us we are wrong and correct the situation.

By Mr. Wright:

Q. Would it meet your necessity if the Act was extended for another three months, from nine to eighteen months instead of from nine to fifteen months?

Would that meet the circumstances which might arise in the future?—A. Yes, I think it would very largely, or if you would extend it for say twenty-two months. The reason I suggest twenty-two months is we might weigh over at the beginning of a crop year and then run on over towards the end of the second crop year. Frankly I do not think under anything like normal conditions there would be need for any longer period than twenty-two months.

Mr. WRIGHT: Mr. Chairman, in that case I would suggest instead of carrying this amendment as we have it here that we amend the other Act to make it from nine to twenty-two months rather than allowing the board itself to prescribe the circumstances under which a weigh-over may take place. It seems to me we are setting a precedent here. We are giving the board authority to ignore an Act of parliament or to set aside an Act of parliament. I would much rather see the Act changed so that the board can operate under it rather than to give them the privilege of setting aside the Act.

Hon. Mr. MacKINNON: That would be satisfactory.

The CHAIRMAN: Is there anyone else who has anything to say?

Mr. QUELCH: I was somewhat surprised to hear anyone suggest that the day of surpluses may be over because I think we are very likely entering a period in the not far distant future when one of our big problems once again will be large grain surpluses. For that reason I can appreciate the need for some action along the lines of the amendment. I think perhaps the proposal suggested by Mr. Wright might be a good one. I should like to hear the reaction of Mr. McKenzie to that suggestion.

The WITNESS: I can say at once that would be satisfactory to us. All we are asking you to do is to make it possible for us to operate the Act without breaking the law.

Mr. WRIGHT: Then I would ask the clerk to draft an amendment to that effect and present it to the committee. I am not lawyer enough to be able to put that amendment in the correct form. I would ask the clerk to do that and present it to the committee. Probably we could go on with another clause while that is being done.

Mr. DECHENE: I will second that motion.

The CHAIRMAN: Mr. Wright moves, seconded by Mr. Dechene—

Mr. BURTON: While we are waiting for that could Mr. McKenzie give the committee a little information along the line of the question that I asked before as to the experience of the board in the years prior to the war? Was the nine months period an insufficient time? How many times did the board run up against any difficulty?

The WITNESS: Would you mind if I asked Dr. MacGibbon to answer that? I was not with the board prior to the war. I would be speaking only from second hand information.

Dr. MacGIBBON: Mr. Chairman, Mr. Minister, and members of the committee: The odd time the weight-over might not be completed within the limits of the Act. It might run over a week or two weeks, that is, they would be working in the elevator and not complete it. That is one factor in the case. You see a weigh-over at a large elevator where there is a lot of grain will take from twenty to forty days. The other point is that it was only in 1939 that compulsory weigh-overs were instituted in the eastern division. That is from Port Arthur eastward. That takes in the elevators on the great lakes, the St. Lawrence and on the seaboard. So that as far as our experience under normal conditions with regard to those we have not had any. With a number of those we have encountered the necessity of making use of the order in council on various occasions in the last three or four years. I think that answers the question. I should like to add one point which has not been touched on. Under our regulations we bond the elevators, but we ask a 15 per cent additional bond if

they are estimated rather than weighed-over which puts an additional cost on the terminal elevators until they are weighed over. That is to cover any possibility of error in the estimate. In making the estimate the engineers give us the cubic capacity of the bin. The inspection department takes samples of the grain to see what its weight is per measured bushel. That is the method by which the estimate they make is arrived at.

In order to cover any possibility of the bond not being large enough we take 15 per cent additional bond during this period when it has not been weighed over and is estimated. In one large elevator a number of bins were weighed over that had previously been estimated and had not been touched, and that covers probably three times what is necessary as far as experience is concerned. That is a point that has not been brought up.

Mr. Ross: May I ask you while you are on your feet how long you would suggest in this proposed amendment of Mr. Wright so as to be safe if there is a big surplus?

Dr. MacGIBBON: There is a point there I have not worked out because you see it has got to be weighed over in the crop year, and there are certain seasons of the year where it is just impossible to weigh it over.

Mr. Ross: That is just what I had in mind when I asked that question.

Dr. MacGIBBON: I am not sure when you try to deal with it in this way whether you are actually helping us as much as you think. I would have to look at the dates. There are certain times when the elevators become empty in different parts of the country. I am not sure whether the additional months would help us very much at all.

By Mr. Senn:

Q. May I ask a question? I hesitate to demonstrate my ignorance of the wheat situation and wheat problem by asking this question. Are these weigh-overs, as you call them, carried out simultaneously all over the country or are they at different times of the year? In an ordinary business you take stock every so often, and it is of a certain date. I cannot understand the value of the weigh-over unless they are undertaken simultaneously throughout all elevators in Canada. Could the chairman explain that?—A. In the problem of weighing over terminal elevators is, of course, the problem of geography. They are located in the eastern division and the western. We send out crews of weigh men to weigh these various houses. They may be at Sorel at one time, at Montreal another time, and then go on up to Kingston and up through the lake system, so that it is not possible to do this as you might take stock in a firm. I do not know how many terminal elevators there are, but each of these represents, if you like, a separate institution that must be weighed over. In so far as circumstances will let us we try to do this so that we can use our men to the best advantage possible. I do not know whether or not that is the information you want.

Q. There is one point I do not quite understand. Suppose you weigh the eastern elevators first at a specific time and then you go to the other elevators, or putting it the other way around, suppose you weigh the western elevators first and then go to the east. In the meantime some of the grain has been moved from the west to the east so that your weigh-over is not of value?—A. No, that would not apply because you shut the house up during the process of weighing. You seal up the bins and everything during the process of weighing up, so that if anything moved out of a western elevator after that weigh-over it would not affect the results in that western elevator at all. Similarly we close the eastern bay port elevators during weigh-over and we know exactly what was in there at that time. We want to determine first of all that there are no overages accumulating, and secondly to see that the stocks in the houses correspond with the documents that are out against the grain.

Q. It is not really a stock taking at all?—A. Not in the ordinary sense you use the term.

By Mr. Townley-Smith:

Q. I wonder if Mr. McKenzie could tell us in the event of accident or error how long it would take to discover that error under the present setup, and also if he could tell us what the margin of error has been, either overages or shortages, and whether there was any difference in this error after the board received its powers under the order in council, whether it actually made any change and gave you more leeway, increased your margin of error, whether it made any difference, or whether the matter of error is an important factor at all?—A. First of all I would say that the circumstances and the results disclosed by weigh-overs did not change materially after the order in council was passed as against our experience previous to that. If you want any figures relating to that I will ask the secretary for them.

Dr. MACGIBBON: The annual reports of the Board of Grain Commissioners show where in one or two cases there has been an overage which has been taken by the Crown.

The CHAIRMAN: Would you speak up, please?

Dr. MACGIBBON: I think probably we have one or two elevators where there has been an overage accumulated and has been taken by the Crown. Does that answer your question?

Mr. TOWNLEY-SMITH: Pretty well.

Mr. BENTLEY: I should like to ask another question if I may. The Board of Grain Commissioners has had a lot of experience and they know pretty well why the regulations have been amended from time to time to meet the complaints of farmers and farm organizations. One of the regulations in effect now is one that has curtailed mixing in terminal elevators to the extent, I believe, that outgoing cargoes, in particular contract grades, must contain 25 per cent minimum and 75 per cent maximum. If I remember correctly it must never be mixed down below the standard or minimum.

Now, this was done in order to prevent terminal operators who may be less conscientious than some of the others from taking advantage of the farmer. In the proposal to extend the time from fifteen to twenty-two months or from nine to twenty-two months, it makes thirteen months' difference which is more than a year. Would it be possible, Mr. McKenzie, for a less conscientious terminal operator to mix some of his commercial grades with his contract grades for outgoing cargos, then plan on making this up out of the new crop year knowing, possibly, and in some cases probably, there would be a thirteen months spread instead of a six months spread to make up the difference. Do you get the point I am getting at?

The WITNESS: Yes. Frankly, gentlemen, I do not think there is any danger of that or, if it was done, it would be revealed in the weigh-over.

Mr. BENTLEY: You could catch that in the weigh-over?

The WITNESS: Yes. If we have any reason to suspect there has been some deliberate attempt to raise grades or by mixing to improve their position we immediately investigate. Operators are subject to heavy penalties if we are able to prove it. The lengthening of the period by a few months does not adversely affect the capacity to check that situation at all.

The CHAIRMAN: There has been a motion moved by Mr. Wright that clause 1, which we are now discussing be redrafted to provide that the period between weigh-overs be extended from nine to twenty-two months rather than the present period of nine to fifteen months. All in favour of this motion?

The WITNESS: Just a moment, Mr. Chairman, Dr. MacGibbon has been working with my assistants and they have just handed me this note. I think you had better read it, Mr. Rayner.

Mr. RAYNER: The Board's limitation now in the Act for weighing-over these elevators in the crop year restricts the benefit of the fifteen month period because if we weigh-over in one crop year and it takes place in the last month of the crop year, then there is only a period of twelve months left in which you must weigh-over for the next crop year. Then, if you have the fifteen months' period you can go to the fourth month in the next crop year. If you weigh-over in the sixth month of one crop year, you have until the ninth month in the following crop year.

The nearer you get to the end of one crop year when you weigh-over, the less becomes the period between weigh-overs. The normal practice in terminal elevators is to weigh-over as near as possible to the end of the crop year. Therefore, your extension from fifteen to twenty-two months does not give you any grace at all. If you weigh-over in July, which is the end of the crop year, you must weigh-over in the next crop year which means you must weigh-over by July in the following crop year, irrespective of the fact the Act gives you the fifteen months. It was for this reason I was pointing out to the members of the Board that the twenty-two months' period does not really ease the situation very much.

Hon. Mr. MacKINNON: Is it not better than fifteen?

The WITNESS: In odd cases it would be better than fifteen months.

Mr. ROSS: According to your argument eighteen months could be just about as useful as twenty-two months to you?

Mr. RAYNER: Yes, generally speaking, the extension does not mean much because in normal times at the head of the lakes we generally start about the fifteenth of June with the idea of getting finished by the thirty-first of July.

Mr. GOLDING: Does this amendment which is proposed in section 1 help your situation any more than what has been suggested here?

Mr. RAYNER: The amendment from the committee does not help the situation at all, in my opinion.

The CHAIRMAN: The amendment which is here in clause 1?

Mr. ROSS: Do I understand you to say that you would be just about as well off with what is now in the Act by which you have from nine to fifteen months, as to have the proposed amendment which covers twenty-two months? Is one just about as useful as the other?

Mr. RAYNER: One is about as useful as the other.

Mr. BERTRAND: Would the extended period hinder you?

Mr. RAYNER: No, it would not hinder. The limiting factor is that you must weigh-over in each crop year which is just a period of twelve months.

Mr. JUTRAS: What period would help you?

Mr. RAYNER: The period would not help at all; we have to do it in every twelve months. It might aid things where we weigh-over in the first few months of the crop year.

Mr. WHITMAN: What then is the object of this amendment?

Mr. RAYNER: The object of the board in amending Bill 4 is to give the board an opportunity to make regulations where, under certain circumstances, we would not be required to weigh-over in each crop year. We would miss a crop year.

Mr. WRIGHT: In offering that amendment, I offered it on the assurance of Mr. McKenzie that it would assist the board under the circumstances which he

described. If it does not meet the requirements of the board why, of course, there is no object in voting on it. I would like Mr. McKenzie's opinion as chairman of the board, whether this amendment does, in any degree, meet the needs of the board. I must say that if this amendment does not pass, I would be forced to vote against the amendment as it stands at the present time, that is, allowing the board to miss a crop year altogether. I think it is very essential to maintain the confidence which the growers have in our board. I am afraid we would be undermining that confidence by allowing them the right to miss a year entirely with regard to the weigh-overs.

The WITNESS: Perhaps I am only illustrating the fact that someone should not speak without figuring the actual effect of the thing. My opinion is it would help us in some cases. It would not entirely solve the problem so far as we are concerned, but I, personally, feel that if we had that seven months to work in, to that extent, it would help. It, perhaps, does not completely solve the problem. If you men are afraid about giving us too much power or, shall I say, too much leeway in which to work, the other would help us to the extent to which you give it to us.

Mr. SINNOTT: Mr. Chairman and Mr. McKenzie, don't you think, under existing conditions, with the small carry-over we now have, by changing the extension of nine to fifteen months to six to twenty-two months, that would take care of the situation for the next couple of years, anyway?

The WITNESS: That is what I am saying, sir, it would help us to that extent. There might be a situation where it would not entirely meet our needs, as my colleagues have said, when they come to look at the absolute arithmetic of the problem which I have not had time to do. However, I do not think there can be any other answer to it but the fact that you give us seven months more. It is seven months more to address ourselves to the task, even though there still might remain the odd time when that does not entirely meet the situation.

Mr. ROSS: I am more convinced now than ever that this Act should be left the way it is at this time. Everybody admits that this is not going to be a difficulty, at least within the next twelve months. I think the commissioner is pretty sure of that.

The WITNESS: There might possibly be a difficulty in the next twelve months.

Mr. ROSS: We will likely be meeting in Parliament annually and if this situation does turn up we can deal with it at that time. I know there has been a lot of thought put into the drafting of that section of the Act which states there must be a weigh-over in each crop year and that the time elapsing between consecutive weigh-overs shall not be less than nine and not more than fifteen months. That was not done without a lot of reason behind it. I am rather averse to changing that. I am not going to argue with the member for Acadia as to whether we will have great surpluses in the future or not, but I am willing to gamble that we will not have them in the next twelve months. If we start calmly we can deal with the matter and give it more study at that time. However, I do not think we are going to have that difficulty in the future; but, if we do, we can deal with it at that time because it is as a result of our past experience that this section of the Act is there now.

The CHAIRMAN: We have before us this motion of Mr. Wright. What do you intend to do with it? I will have to put it unless he withdraws it.

Mr. JUTRAS: Before you do that, I wonder if we could get the other side of the picture? I understand that during the war the time did occur when there were such surpluses that you could not make the weigh-over. Now, what are the

consequences of that, the adverse consequences, if I may put it that way, to the farmers? How does it affect the machinery for which you are asking in the extension of time—that is, this difficulty in carrying out this weigh-over?

Mr. ROSS: Did you say prior to the war?

Mr. JUTRAS: During the war.

The WITNESS: I can only speak out of my experience. I say to you in the utmost sincerity that we have no reason for fear from the operation of the Act and the results of the extension as we have practiced it during the last four, five, or six years. We cannot see any reason to be apprehensive.

Now, I am just telling you of our own experience. You may decide what you want done about it. If I thought there was any real danger, I would not be here asking for this.

The CHAIRMAN: Do you wish to vote on it, Mr. Wright?

Mr. WRIGHT: Mr. Chairman, I do not want to press the matter, but if it does not accomplish anything, and, apparently, there is a little difference of opinion between the secretary and the chairman of the board as to whether this would accomplish any useful purpose—unless it does accomplish a useful purpose, I have no desire to press it. However, I do say that if this amendment is not accepted so far as I am concerned, and I think our group is concerned, we will not support the amendment as suggested in Bill 4; now, that is the position.

Mr. GOLDING: I think Mr. McKenzie should make it perfectly clear to the members of the committee what he had in mind in asking for the amendment which we now have in clause 1, and what effect that is going to have. I think the members would like to know just what you had in mind.

The WITNESS: I am sorry if I have not been clear. I have tried to tell you as plainly as I can that we would like to see this amendment as now drafted in the bill before you put through. If you fear the effect of putting it through, the next best thing is to accept Mr. Wright's amendment; but I would like to ask Dr. MacGibbon to say a word to you. Mr. Wright's amendment would help us to the extent it gives us just that additional time in which to weigh a house over.

Dr. MACGIBBON: I do not wish to add much except to say that when I was asked a question by Mr. Ross I said I was not sure. The general situation is that you have a half dozen different concrete situations with which the board is faced. As Mr. Rayner said, the low point for the head of the lakes is just at the end of the crop year, just before the wheat crop comes in. Now, that is one situation which has been worked out there; so it would not help us at all, or hardly at all.

However, we have Vancouver. The low point, when it is desirable to weigh-over at Vancouver, is altogether a different period of the year. This might help us, there. Then, you have Saint John and you have the harbour board. Well, obviously, the point the harbour board wished to weigh-over might come in March. So, you run more or less over the whole of Canada when there are traditional times for the weigh-over to take place. This matter has to be worked out very carefully to see whether Mr. Wright's amendment might help or whether it would not be likely to help. I think that is the first point.

The other point I would like to make is that the weigh-over calls for much organization of our weighing staff by the chief weighmaster. While the crop is shipping out in the fall from the head of the lakes and coming in from the country, the whole weighing staff is pushed and the chief weighmaster has to work out a sort of routine. He has to organize his weighing staff. He is organizing at the present time to weigh the eastern elevators as their stocks which they accumulated at the close of navigation emptied out; that would be the period

we would have to weigh there. There is another point and that is that the board and the weighing staff have to estimate an elevator and then watch it for a long period which is simply a headache to the board. They would much prefer to weigh as a matter of routine at the same time every year, and the elevator companies would much prefer it.

In addition to that, as I said before, the fact that the elevators do not get weighed at that time means a penalty for them, an additional bond, which, to some degree, makes them anxious to get it over. They are always anxious to get it at the lowest point they can because weighing an elevator over in three days means much less expense to the elevator and the board than it would to weigh it over when it takes thirty days. That is the situation there. Our board would always like elevators to be weighed over at the same time each year. It is the simplest thing for administration.

Now, as to what will happen in the future, I do not know. If I might make a personal remark, I think, having brought the situation to this committee's attention I have discharged my responsibility. Whatever you wish to do is quite satisfactory to me. We might run into a situation in Saint John when we would have to shut the port down for fifteen days. It is all right to say—perhaps I should not speak this way—but it is all right to say Parliament can always fix things up, but my experience is, you try to get these things on before you want them.

Mr. Ross: Perhaps you would not have this information at your fingertips as regards the eastern seaboard, the port of Saint John about which you were speaking but could you give us the dates of the weigh-overs?

Mr. RAYNER: The Canadian national elevator at Saint John was weighed-over in April, 1946; in March, 1945; in April, 1942; and in April, 1941. The Canadian pacific elevators at West Saint John were weighed-over in April, 1946; in March, 1945; and in June, 1944. They were really weighed-over there when the winter season for navigation closed.

Dr. MACGIBBON: In Vancouver it is always in June, and that illustrates the point I am making that there is a time for each place. Our chief weigh-master must organize his men. Sometimes we have even had to bring weighmen from Vancouver to the eastern elevators in order to have sufficient men there when there were heavy stocks.

Mr. Ross: Do you expect that difficulty during this present year at the eastern terminals?

Dr. MACGIBBON: Frankly, no, but I do not know. I would not like to be quite definite.

Mr. Ross: The point is, in fairness, would that apply to Churchill?

Dr. MACGIBBON: I would not think so. No. Well, I don't know. I don't know what would happen at Churchill.

Mr. Ross: No one denies that, but I believe it is probably true that the big movement will be by rail to the seaports the rest of this year. There is a strong eastern movement of wheat, although a lot of it is still out on the prairies; a good deal of it is not even at the head of the lakes.

Mr. MACGIBBON: At the present time there is a very heavy movement of wheat, as you know, to Vancouver, as well as to the eastern seaboard.

Mr. Ross: I meant to both seaboard.

Mr. JUTRAS: What is the situation with regard to Churchill? Would you be forced to do this as you have been doing it under the order in council? Is there any question in regard to Churchill?

Dr. MACGIBBON: I don't know. There is a peculiar situation at Churchill in that you can't get ships in there every year. We have had times in the past when our elevator there might be full up and there might be no ships at all in

there during the rest of the year, and you would have to go in there and maybe spend a month or six weeks trying to get a weigh-over with the elevator filled to capacity.

Mr. RAYNER: I might tell the committee that the Churchill elevator had no weigh-over for the crop year 1941-42, for the crop year 1943-44, for the crop year 1945-46—it was weighed-over in September last year after shipments went out. And so we had to apply the order in council to Churchill for three separate crop years.

Mr. JUTRAS: That is what I was afraid of, and the only reason I bring this up is that it is quite possible that in cases such as that where you have no weigh-over for a considerable period of time, you would need the provisions proposed by this clause. But what I want to know is this: could such a situation develop say in the eastern division at the seaboard; could such a situation arise at other points? And, with this definite leeway in the Act they would have a provision which would enable them to get it done, but such leeway is not provided in the Act at the present time. In that way they would be able to use more grain than they otherwise could handle.

Mr. MENARY: Mr. Chairman, I would like to ask this question. This has to be done every year, is that right; or is it every fifteen months? I understood that elevators had to be weighed-over every twelve months.

Mr. MACGIBBON: You may have fifteen months. Elevators must be weighed-over once within the twelve-month period of the crop year. They have got to be weighed-over every twelve months. You may weigh them over at nine months, or it may not be until fifteen months.

Mr. HARRIS: On the basis of the present order in council I would like to ask a question of the chairman of the board. The purposes back of the order in council were made perfectly clear; that the weigh-over should be delayed if carrying it out would delay the receipt of grain at the elevator. Is that to be the basis on which we are to arrange the weigh-over in future.

The WITNESS: That would be the basis of the regulations we would set up.

Mr. HARRIS: Have you got a copy of the regulations that you propose to pass?

Dr. MACGIBBON: No, we have not.

Mr. HARRIS: I suggest that it might be desirable for the committee to have that before them; because, after all, you are asking a committee of this house to delegate to you certain powers. I thought when the gentleman who last spoke was speaking (Dr. MacGibbon) how helpful that would be for us. I wondered, not knowing anything about the grain trade, whether he was speaking about it being helpful to the elevator men. I wish he would clarify the point and let us know whether it is going to be helpful to the elevator operator or the grain trade. Which one is it going to help?

Dr. MACGIBBON: Both. You see, when you start your weigh-over you have to have an empty bin in the elevator. The elevator company have to have their men work running it off over the scale where it is weighed for them, with the result that there is a large staff of elevator employees at work and there is a large staff working for the weigh-master. Another point in that regard. There were two or three cases of this during the war, admitted it is not likely to occur again; but in two or three cases the weigh-over was deferred because of a shortage of electric power in Ontario and along the seaboard. They could not get power at all, and they were for that reason during the war requested to delay the weigh-over, on occasion.

Mr. HARRIS: I think that is fair enough. There is another matter, and it is this. You have a staff of persons who carry out this weigh-over and you try to lay out your work so that in every crop year they get around and do their

job completely. Now, when you do that, you do it on your own; you do not go to the elevator operator and ask him when it would suit his convenience for you to do it, do you?

Dr. MACGIBBON: We do not do that, but they often tell us when would be a convenient time, when their stocks are down to a low point. On other occasions we have people who do not want to be weighed-over just then on the ground they have too much grain on hand. When we get a report from them we must, of course, arrange to do the work within so many days. We try to meet their request where it is possible. That seems a reasonable way, and we go ahead and do it.

Mr. HARRIS: Well then, if we pass these regulations under this clause your decision will always be based on the fact that you are not going to defer that weigh-over unless it would hold up the receipt of grain in a particular elevator; or, is that going to be the basis on which you will act?

Dr. MACGIBBON: Yes; or, there may be so much grain at the elevator at that particular time that it would not be practical to carry out a weigh-over. In that regard I think it is correct to say that a government department in work of this kind does get into a routine. They would much rather do the work at a regular time than have to keep coming back a number of times before they are able to carry out their weigh-over.

Mr. HARRIS: Then, that is the basis on which the Board of Grain Commissioners will apply it. I take it that it is quite unlikely that they will actually exercise this power, at least during the next few months. Its application would really depend on the size of the surplus we have. In other words, at the present time you are not worried about the situation at all. You are carrying out the weigh-overs every crop year. Are you doing that?

Dr. MACGIBBON: No, sir; we are not.

Mr. HARRIS: I mean, during 1947.

Dr. MACGIBBON: No, sir. Weighing depends upon the time that the new crop comes in, and the condition of the new crop. There is always the element of uncertainty and if anything does happen we would have this provision with which to meet it. I do not expect it will happen, but should a situation arise where it becomes necessary or desirable to defer a weigh-over this would give us the power with which to do it.

Mr. HARRIS: Supposing at the end of the crop year, which I understand is either the end of June or the end of July, whichever it is—suppose you have a large carry-over some place and you are not able to do the work. What is involved in that? At the present time your specific order in council runs out on the 31st of March. If we do not extend these powers for you what would happen? Is there any penalty?

Dr. MACGIBBON: I do not think there is any penalty. I think that under ordinary circumstances if we went ahead and did that and there was a delay the penalty would be on the board.

Mr. HARRIS: The penalty would be perhaps on you. By the way, has that ever happened in peace time—that you did not get the work done during the crop year?

Mr. RAYNER: I have the complete records of the board before me here and I find no case where we have not got it done within the time set. We take it that as long as we start the weigh-over by the last day of the month we have complied with the Act. If we have started the weigh-over within the crop year we have taken that as complying with the Act. Sometimes it has been difficult to get it all completed, but we have started the weigh-overs before the end of the crop year.

Mr. HARRIS: I thought it would be well to have that clear for the western members who would be prepared to support this amendment, provided it is clearly understood; and that your power was based on the reasons you give in the order in council; and provided that where there is an extension of that power you will continue to exercise it under those conditions.

Mr. GOLDING: Mr. Chairman, the Chairman of the Board of Grain Commissioners has intimated that the amendment put forward by Mr. Wright will be helpful. I think we should support the amendment, and I would suggest that you put it to a vote.

The CHAIRMAN: Gentlemen, this is the amendment:

That Clause 1 be redrafted to amend section 138(1) of the Canada Grain Act, as amended by Chapter 36 of the Statutes of 1939, by the deletion of the words *fifteen months* in the last line thereof and the substitution therefor of the words *twenty-two months*.

Amendment agreed to.

The CHAIRMAN: Then we will go on to clause 2 of bill 4.

Mr. DIEFENBAKER: Mr. Chairman, I would like to ask a question in connection with this particular proposed amendment. As I understand, it would mean this: Between the time a farmer places his order for a car on the order book and the time the car arrives, if he has delivered a carload of wheat to the elevator, in such a case the elevator company can place themselves in possession and make delivery of the car. That is correct, is it not?

The WITNESS: Yes.

Mr. DIEFENBAKER: This looks like a rather far-reaching change. While I have no objection to it—in fact, I am inclined to support it—I would like to get some information with regard to the circumstances under which order in council No. 7594 was passed; and also whether or not representations have been received from the pools or from the private elevator companies as to whether or not they desired this amendment. I would ask the Minister (Hon. Mr. MacKinnon) if he has any correspondence on this matter to place before the committee; and I would also ask the Chairman of the Board of Grain Commissioners if he has any correspondence, or if any representations have been made to him with respect to the matter, to the end that we may be in a position to know whether this suggested amendment is in fact reasonable and acceptable.

The WITNESS: Mr. Chairman, speaking generally, in reply to Mr. Diefenbaker, while there have not been any communications come direct to me my information is that all three of the western pools support this proposed amendment, and that at least a number of the northwest line elevator companies are not favourable to it. Does that answer your question?

Mr. DIEFENBAKER: Did you say they are not favourable?

The WITNESS: Yes.

Mr. DIEFENBAKER: In other words, there is no opposition at all?

The WITNESS: Well, the northwest line elevator companies did not like it.

Mr. DIEFENBAKER: But you have the support of quite a number?

The WITNESS: They did not like the proposed amendment.

Mr. DIEFENBAKER: And can you give us the reasons why they are objecting to it?

The WITNESS: I should prefer, if there are representatives of the northwest line elevator companies here, that they would speak for themselves.

HON. Mr. MacKINNON: Do you know that they are opposed?

THE WITNESS: As I say, I have had some information.

Mr. DIEFENBAKER: Have any representations been made in writing, or is it just information that has come to your attention?

THE WITNESS: I mean there has been nothing come to my attention in writing.

Mr. QUELCH: Mr. Chairman, I would like to ask Mr. McKenzie whether or not this amendment would affect the allocation of cars to any one of these line elevators. The usual practice is that the ordering of cars and the allocation of cars to an elevator depend directly on the amount of grain on hand ready for movement. Under this clause would the elevator be the one to order the car, or would the farmer having the grain to deliver also be able to order a car? In this way would you not make it possible to increase the number of cars reaching an elevator? I was wondering as to why the amendment was needed. It has been the principle in the past that cars are allocated on the basis of storage capacity rather than on any waiting list. I wonder if you can give us any information on that.

Mr. SINNOTT: Probably I can throw a little light on this for you. I believe this will strengthen the case of the farmer. I believe in the street price there is a difference of one cent and a half per bushel and this will give the farmer an additional cent and a half. The only thing that can possibly arise is as to the point that Mr. Quelch raised with regard to the elevator agent and the C.P.R. agent conniving to give the elevator companies the cars instead of the farmers. I should like to know if a farmer has any trouble in getting a car where he can go to complain? If the C.P.R. agent or any company agent seems to be giving preference to the elevators where can he go?

THE WITNESS: Replying to that question I would say that the provisions of the car order book govern. If a farmer has his name on the book and has any reason to believe that any company is getting a car out of turn he can let us know and we will investigate immediately. This amendment does not change those facts at all. The car order book would still operate. I hesitate to say anything because the companies may not like this, but I think their fear arises from the competitive nature of the business. Some companies feel that other companies are better organized locally to go out and persuade a lot of farmers to put their names on the order book and by that means get more cars. My judgment does not accept that statement because I think it applies equally whether or not this amendment goes through. These same companies would have their agents active in the country soliciting the farmers' grain. When a farmer comes in to sign the order book, whether or not this amendment goes through, they are still asking that farmer and urging that farmer to have his car spotted at the elevator company. I cannot see that this amendment changes that situation a bit. What it does do is as the hon. gentleman has suggested. In my judgment it puts the producer in a little bit better bargaining position. If he has to wait a long time for his car it may save him some storage charges on the grain and it may save him interest on advances against the price of his carload of grain.

Hon. Mr. MACKINNON: May I say a word in answer to Mr. Diefenbaker before it runs on too long? Mr. Diefenbaker asked if I had any correspondence or communications from the trade or any other organizations. The only correspondence I have had is a telegram from J. G. Fraser, Vice President of the Northwest Line Elevators Association in which he expresses opposition to this particular clause; a telegram from Mr. Plumer, Secretary of the Alberta Wheat Pool in which he expresses very strong support of all amendments suggested; a telegram from Mr. Milliken of the Saskatchewan Pool in which he very strongly supports this particular amendment we are discussing now, and a telegram from Mr. Parker in which he expresses very strong support for the weigh-over and also this section.

Mr. ROSS: May I ask one question on that? You mean for the weigh-over as contained in the Act or the proposed amendment?

Hon. Mr. MACKINNON: As contained in the Act. Pardon me, I mean in the bill.

Mr. ROSS: The bill.

Hon. Mr. MACKINNON: I thought you were referring to the amendment extending the period to twenty-two months.

Mr. ROSS: I mean as between your bill 4 and the Act he is in favour of the bill as drawn.

Hon. Mr. MACKINNON: He is in favour of bill 4.

Mr. LEGER: May I ask who Mr. Parker is?

Hon. Mr. MACKINNON: He is of the Manitoba Pool.

Mr. ROSS: President of the best pool in the west.

Mr. BURTON: What I wanted to draw to the attention of the members of the committee was that generally speaking neither the farmers nor the elevator companies like to be bothered with a car order book when it is not necessary. I should like the members to have that understanding. We like to get along without the car order book, but there are occasions when it is necessary to have the car order book.

In that case when I or any other farmer deliver grain to an elevator and have completed delivery of a carload my name is on the order paper for a car to be obtained in rotation. Cars may be scarce, as we very often have found, in a period of time when we need the car order book, and it may be quite a while before that car arrives. In the meantime I have commitments that I have to fulfil, and I am apt to become liable for storage if I do not move that grain within a certain length of time.

In view of the fact I have that car ordered and I have delivered grain to the elevators I think it is only just that I should then be allowed to transfer my right in that car to the person to whom I have sold the grain. May I point out to Mr. Quelch who raised the question, I believe, that if I then go out and place my name on the car order book for another car my name will go down on the bottom of the list. It will only be supplied after the others have been supplied, and in turn I must deliver grain to the elevator to make it possible to make use of that car.

Mr. QUELCH: May I interject there? There is a saving there because the minute you sell your grain to the elevator you are able to put your name down on the car order book immediately instead of having to wait for another two weeks in which time a number of new names may be put down which will delay your order.

Mr. BURTON: That may be true to that extent, but not to the extent of interfering with other people's right to obtain cars at the time. What I was going to say before I was interrupted was that situation applies not only to the pool elevators but to the line elevators. Whether I haul my grain to a line elevator or to a pool elevator when I have delivered that carload of grain and my turn comes for a car that car has to be spotted at the elevator I have designated. Consequently the person buying my grain should, in my opinion, have the right to make use of that car.

Mr. QUELCH: I want to make it clear that when I spoke I was not opposing. I thought I made it clear I was supporting. I was merely pointing out why I thought in all probability the line elevators were opposing it, because they feel this will benefit those elevators that are able to get more business at a point.

Mr. WRIGHT: I am very much in favour of this amendment. I think it does something for the farmer. I think he is the man we should be helping. I do

not think it works to any particular disadvantage to any grain company. If the grain companies have their business organized properly they are all in the same position. Therefore I certainly would support the amendment as it is.

Some HON. MEMBERS: Carried.

The CHAIRMAN: Just a minute.

Mr. TOWNLEY-SMITH: I should like to raise this point. Coming from an oat growing district I should like to know what would happen under these circumstances. A farmer puts his name on the car order book and immediately starts to haul in not one carload but two or three carloads to the elevator. He gets that in before his turn comes for the car. In the meantime he sells one carload. When the car comes in are we going to have a tangle there as to whether the elevator man gets it or the farmer gets it for one of his other carloads? It is a situation that could happen quite often.

The WITNESS: I do not think there is any danger. A man starts to deliver one or three or four cars to an elevator. He puts his name on the car order book for a car. That stands good until the car is delivered. Then if he wants a second car after that car is delivered to him his name goes down at the bottom of the list.

Mr. TOWNLEY-SMITH: But who is first and who is second? When there are 6,000 bushels in the elevator who is to take the first car and who is to take the second car? The farmer has sold 2,000 and owns 4,000. When the car comes in he wants it and the elevator man also wants it. I do not know whether I am making myself clear.

Dr. MACGIBBON: My understanding is when a farmer sells his grain to the elevator the elevator agent notifies the station agent and gives him proof that so and so has sold his wheat to the elevator. That car is then marked to the elevator for that particular carload.

Mr. TOWNLEY-SMITH: I am afraid I did not make myself clear. The farmer hauls 6,000 bushels to the elevator in two or three carloads. In between putting his name on the list and getting the car he sells one carload, 2,000 bushels, to the elevator. A car comes in. The farmer has 4,000 bushels in the elevator. The elevator man has bought 2,000 bushels. To whom is the car going? The farmer wants it because he has 4,000 bushels. The elevator man wants it because he has bought a carload from him.

Dr. MACGIBBON: He is allowed to put his name on the car order book for one car. He has 4,000 bushels of grain in the elevator. He sells the elevator agent a carload of grain. The elevator agent gives proof to the station agent that that farmer has transferred his right to that car. The fact that he has a lot more grain in the elevator does not affect the case. The station agent does not know anything about it.

Mr. TOWNLEY-SMITH: I am afraid it is not as easy as all that because the farmer will argue the 2,000 bushels he sold to the elevator man were the last 2,000 bushels he hauled in, and he wants the car for the first 2,000 he hauled in.

Dr. MACGIBBON: I have no doubt you are right. You have those cases.

By Mr. Fair:

Q. I was wondering whether it is compulsory for a man to turn over his right to the car simply because he sells a carload of grain to the elevator?—
A. That is purely optional.

Q. Does that not answer Mr. Townley-Smith?—A. He may do it under that proposed amendment.

Mr. SINNOTT: I believe before we pass this clause in section 4, line 4, there are two words to be deleted, "or delivers".

The CHAIRMAN: Are there any other questions? It has been moved by Mr. Harris that section 2 pass with the exception of the deletion of "or delivers" in line 8, clause 2. All in favour of that?

Carried.

We will go on to clause 3. All in favour of that clause carrying?

The WITNESS: This has to be amended.

The CHAIRMAN: Had we better let this one stand the same as clause 1 which is to be redrafted?

Hon. Mr. MacKINNON: This is all drafted.

Mr. RAYNER: We have copies here.

The CHAIRMAN: We will pass them around.

3. Section one hundred and two of the said Act is repealed and the following substituted therefor:

Fire and explosion insurance terminal and Eastern elevators

102. The manager of every licensed public *terminal* elevator and of every licensed semi-public *terminal* elevator in the Western Division and of every licensed elevator in the Eastern Division shall at all times keep all grain in such elevator fully insured by companies approved by the Board against loss by fire and *inherent explosion* during such time as it is stored therein or is in course of delivery into or out of same.

Fire insurance country elevators

2. The manager of every licensed public country elevator shall at all times keep all the grain in such elevator fully insured by companies approved by the Board against loss or damage by fire during such time as it is stored therein or is in course of delivery into or out of same.

Adjustment of claims

3. The loss, if any, under every policy of insurance issued pursuant to this section shall be payable to the holders of elevator or warehouse receipts for grain stored in such elevator as their interests may respectively appear, and the claims of such holders shall have priority to any claim by the manager of the elevator or by any assignee of such manager.

Are you ready? Will Clause 3 carry as amended on the sheet?

Mr. HARRIS: I so move.

Carried.

Clause 4?

Mr. ROSS: That will have to stand. You will want the same amendment you have in section 1, will you not? They refer to section 1, isn't that right, Mr. McKenzie?

The WITNESS: I suppose that is so.

Mr. ROSS: You will have to let it stand.

Hon. Mr. MacKINNON: That amendment has been carried.

Mr. BENTLEY: The amendment to 138 in the last line—that should be changed to twenty-two months.

The CHAIRMAN: Yes.

Mr. BENTLEY: Could that automatically be done because of the resolution that was passed?

The CHAIRMAN: We will have to have clause 1 re-drafted with the amendment. Will this committee have to meet again to pass that new draft or will the amendment which has been moved by Mr. Wright be re-drafted, put in, and passed without another meeting of the committee?

Mr. Ross: My feeling is you have to meet again to pass the new draft.

The CHAIRMAN: Clause 4 and clause 5 stand?

Mr. Ross: That is the point I was raising. The bill would come before the committee in the properly drafted form and the committee would then pass it.

Mr. HARRIS: My understanding of section 1 of Bill 4 was that it gave the power to the board to make certain regulations as to not having to weigh-over. This amendment which was directed at that section actually was an amendment to section 4 of the bill, or section 5 of the bill, which, if carried would eliminate entirely section 1 of Bill 4. In other words, the board would not have any power by regulation, to extend the time of the weigh-over. It seems to me we have, by resolution, eliminated section 1 of the bill entirely and that now we are about to amend section 4 to eliminate the words which were underlined and change "fifteen" to "twenty-two". Having done that, our job is done.

Mr. Ross: That is right. If we carry it out it can be done in a minute or two and it would save the committee meeting again.

The CHAIRMAN: I understand you to mean that if we pass four and five by changing that word "fifteen" to "twenty-two", then we automatically wipe out clause 1?

Mr. TOWNLEY-SMITH: They delete the first part, the underlined part of four, also, where it says, "except as otherwise provided by regulation or order of the Board".

The CHAIRMAN: What is your pleasure on that?

Mr. HARRIS: No, Mr. Wright will have to move the amendment along that line for section 4, and we can pass that.

Mr. WRIGHT: I would move that in section 4, those words "except as otherwise provided by regulation or order of the board", be deleted and that in the last line of that section 4, "fifteen" be changed to "twenty-two".

The CHAIRMAN: All in favour of that?

Carried.

Will there be the same thing for clause 5?

Mr. WRIGHT: I would move the same amendment for clause 5, that the words "except as otherwise provided by regulation or order of the board", be deleted and that "fifteen" in the last line of the clause be made to read "twenty-two".

The CHAIRMAN: All in favour of that?

Carried.

Clause 6?

Carried.

Clause 7?

Mr. Ross: I would like to ask a question on clause 7. I think the commissioner can explain it very well. I think I have an idea about it and I think we are in agreement, but I would like the commissioner to give us his reasons for this. I think I am in agreement with him on it.

The WITNESS: This amendment is made necessary by reason of the fact that during the war years we were developing new crops and there is no provision in the Canada Grain Act for grading these new crops.

Mr. ROSS: I suppose they are pretty much in the experimental stage and you have to have this authority?

The WITNESS: We have to have the authority to define the grades. We define the grades according to the experience we have.

Mr. BENTLEY: May I ask Mr. McKenzie a question with regard to the schedule for oil seeds? Have the producers of forage crops, these new grading specifications, and the handlers of them in the country made representations, or have they been advised of the schedule of grades? Are they satisfied with them?

The WITNESS: So far as I know, yes. Now, whether they have been directly advised or not, I am not sure.

Mr. BENTLEY: I should also have included those who are going to receive them and process them.

The WITNESS: However, the fact remains we have been operating under these grades for the last two or three years. Everybody knows about them. Our authority was given to us by order in council and now we are asking you to write that authority into the Canada Grain Act.

Mr. BENTLEY: You have had no objections?

The WITNESS: No objections. Everybody is asking that this be done.

Mr. BENTLEY: The Grain Standards Board sit on this each year the same as they do on grain?

The WITNESS: Yes, they can if there is any necessity for it. The people can bring the matter before the grain board.

The CHAIRMAN: Clause 7?

Carried.

We will come back, then, to clause 1, because there is a motion passed that clause 1 be re-drafted. Now, it is suggested that it might as well be deleted. Is there a motion made to delete clause 1 entirely?

Mr. WRIGHT: I would so move.

The CHAIRMAN: It is moved by Mr. Wright that the bill be amended by the deletion of clause 1. All in favour?

Mr. BURTON: Just one more question. We were moving along fairly rapidly for a while and I do not recall whether we definitely passed the amendments as offered here in the sheet which is in front of us.

The CHAIRMAN: Yes, that is right, we have. There are some schedules to this bill. Shall schedule 1 carry?

Carried.

Schedule 2?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

Mr. BENTLEY: I would like to tender my congratulations to the chairman on having conducted the committee so well.

The Committee adjourned at 12.45 p.m.

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No. 2

SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE

(ON)

(AGRICULTURE)

(AND)

(COLONIZATION)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL No. 261—AN ACT TO AMEND THE PRAIRIE FARM
ASSISTANCE ACT, 1939

TUESDAY, JUNE 10, 1947

WITNESS:

Mr. A. L. Stevenson, Department of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.R.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947



REPORT TO THE HOUSE

TUESDAY, June 10, 1947.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

THIRD REPORT

Your Committee has considered Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939, and has agreed to report it with amendments.

All of which is respectfully submitted.

ROBERT McCUBBIN,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, June 10, 1947.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., the Chairman, Mr. R. McCubbin, presiding.

Members present: Messrs. Argue, Barrett, Bentley, Bertrand (*Prescott*), Black (*Huntingdon*), Bryce, Burton, Cardiff, Charlton, Coyle, Cruickshank, Dechene, Desmond, Douglas, Drope, Dubois, Fair, Gagnon, Gardiner, Gibson (*Comox-Alberni*), Golding, Gour, Harkness, Harris (*Grey-Bruce*), Jutras, Kirk, McCubbin, McGarry, Menary, Quelch, Robinson (*Bruce*), Ross (*Souris*), Sinnott, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Mr. A. L. Stevenson, Department of Agriculture.

The Committee proceeded to consider Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939.

On motion of Mr. Ross, clause one was amended by the insertion of the word *farm* between the words *co-operative* and *association* in the fifteenth line thereof.

Clause one, as amended, was adopted.

On motion of Mr. Harris, clause two was amended by the deletion of the word *continuously* in the seventh line thereof.

Clause two, as amended, and clause three were adopted.

On motion of Mr. Bentley, clause four was amended by the insertion of the word *farm* between the words *co-operative* and *association* in the seventh line thereof.

Clause four, as amended, clause five and the title were adopted.

The Bill, as amended, was adopted, and the Chairman ordered to report to the House accordingly.

At 12.55 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS

June 10, 1947.

The Standing Committee on Agriculture and Colonization met at 11 a.m. The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, we are meeting today to consider a certain amendment to the Prairie Farm Assistance Act. This bill was referred to us by the House and it is up to us to deal with it. What is your pleasure in respect to it?

Mr. HARRIS: Pass the confounded thing and get it over with. Let's get to work.

Mr. BENTLEY: Is it the intention of the minister that we should have before us representatives of organized farmers in so far as this bill is concerned; or, is it the intention that invitations be extended to organized farmers to appear before this committee.

Right Hon. Mr. GARDINER: There have been no invitations extended to anyone to attend the committee. That is a matter which is in the hands of the committee. I do not know that there is anything—perhaps I should not say this—that any representative of a farm organization could place before this committee that could not be just as well if not better placed before the committee by the members themselves. We have not invited any representatives of organizations.

Mr. BENTLEY: Might I go just one step further and ask the minister if there is any objection to having representatives of organized farmers make application to be heard?

Right Hon. Mr. GARDINER: I think that is entirely in the hands of the committee. I do not know that there is very much that they could add to what is on the record here and what I am sure the members have. If the committee desire to have representatives of farm organizations here, I have no objection.

Mr. HARRIS: Mr. Chairman, I wonder if we could organize ourselves along the line I want to suggest to you. There are certain amendments suggested to the Act, and in the debate in the House I think, generally speaking, the members were in accord with the changes to be made. In addition to that, of course, several members have spoken, indicating that a much wider sanction should be given to the Act than these proposed amendments which we have before us. I suggest, therefore, that we should proceed in the normal way, take the amendments as they come, judging them on their merits; and have an explanation made by the minister as to the purpose back of the amendments; then, if there is general debate and other points come up, they can be taken up at the end after we have dealt with the particular amendment we have before us; and, if at that time the committee desires to hear representatives from farm organizations I think we should consider it then. My own opinion, of course, is that we do not add very much to the value of the committee by doing that, because I have seen enough of these committees and enough members from the west to know that they can present the arguments of the farmers better than could the farmers themselves, and I am sure they will do it here on this committee.

The CHAIRMAN: Has anyone anything to add to that? Is it your pleasure that we deal with this bill clause by clause?

Mr. DUBOIS: Is it the intention to deal with the Act or the bill?

The CHAIRMAN: With the bill. I think you ought to have copies of it; if not, the clerk will see that you are supplied. It is bill No. 261.

Section 1—definition of "crop failure."

What is your pleasure with regard to that?

Mr. CARDIFF: May I ask you to refer to subsection (3) of clause 1; where it says:

"(3) Paragraph (e) of subsection one of section two of the said Act is repealed and the following substituted therefore:—"

I refer to the subsection defining "farmer," which reads:

"(e) 'farmer' means a person who as owner or tenant operates a farm in the spring wheat area or who as a member of a co-operative association is engaged in farming in the spring wheat area;"

Right Hon. Mr. GARDINER: That is the intention. That is the present position in relation to the Act; it is clearly defined that the Act applies to the spring wheat area.

I should say while I am on my feet that I made a remark the other day in the House in regard to subsection (d) in (2); subparagraph (2) that is "cultivated land". We are leaving out of that definition the phrase, "and which land has not reverted to natural prairie." That can be dealt with under the regulations. The regulation (6) established that no acreage award shall be made on the following plan—and the lands are indicated in that—(e) farm lands declared as submarginal and ordered evacuated under the provisions of a provincial statute. That is one that can be enlarged upon in the regulations. To cover the lands referred to.

Mr. QUELCH: Should not the definition "farmer" say something about the age, because there has been a lot of dispute about the age of a person who can qualify. That has in the past been dealt with by the regulations. I believe it reads "nineteen." I can think of a case where a boy may be farming who is only 18 but who is on his own. I would consider that he would be entirely qualified to receive the benefits under the Act.

Right Hon. Mr. GARDINER: That has been taken out of the regulations and it is clarified now.

Mr. WRIGHT: Who has the regulations? I think we should have them on the record, at least, each member of the committee should have a copy for his information and guidance.

Mr. QUELCH: Mr. Chairman, I would suggest that a copy of the regulations be given to each member of the committee.

Right Hon. Mr. GARDINER: Perhaps I should read to you a portion of the regulations now that a question has been raised as to who is a "farmer", entitled to benefit under the scheme. The regulation is as follows:

8. No person shall be considered to be a farmer under the Act unless:

1. He is the owner or tenant of a farm from May 1 to November 1 in any year; provided that where a farmer dies or becomes mentally incompetent and where the operation of a farm is being continued by a person who:

- (a) is related by blood or marriage to the deceased or mentally incompetent person, or
- (b) is the sole beneficiary of the deceased or mentally incompetent person, or
- (c) is operating the farm on behalf of a beneficiary living on or within twenty miles of the said farm, who is primarily dependent upon

such farm for a living, and notwithstanding the provisions of subparagraph 2 of this regulation; such person shall be considered to be the owner or tenant of the said farm for the purposes of the aforesaid Act and if the demise or insanity occurs after an acreage report under these regulations has been filed by the deceased or mentally incompetent, such report shall be deemed to have been filed by the operator.

2. He lives on the farm and his primary occupation is farming, or he lives not more than 20 miles away from the farm and has no occupation other than farming, and

3. He is responsible for the farm operations and the disposal of the proceeds from the farm, and

4. The farm has not less than 25 cultivated acres or, having less than 25 cultivated acres, is in the development stage, and

5. If residing with a parent or a brother he operates the farm as a separate unit, and the farm consists of at least a quarter-section of land.

Now, it is within those regulations that we have to operate. A line had to be drawn somewhere. When the regulations were drawn first the age limit was placed at 20 years. That has been taken out of the regulations now, and as long as he can prove ownership or lease he is entitled to the payment of the award.

Mr. FAIR: What is the idea of having that regulation in there, residing within twenty miles of the land? That is one thing which I believe should be taken out.

Right Hon. Mr. GARDINER: Of course, the whole intention of the Act is to encourage people to stay on the land and live on the land and operate it. During the drought period there was a tendency for people to get away from the land because of the debts that had been run up—particularly store bills. This Act was passed for the special purpose of encouraging people to stay on the land; and then, too, it was intended to encourage the division of land as between father and son, and for that reason a son can live at home and use the equipment of the father for the working of the land, provided he could show his interest in the land under the provisions of these regulations, and that he is handling the place himself, handling the finances; in short, that he operates the land himself. When we deal with a man living on the farm his main occupation must be farming. It may be that he will have certain sidelines as so many farmers do such as operating an elevator at a siding which is near his farm. Or a farmer may own a threshing outfit and go out to thresh. He may go out and do road work for a certain part of the season for the municipality. These things are not intended to disqualify. But, if he is giving all of his time to some other occupation and living on the farm, it is not intended that he should be paid. On the other hand, if he is living more than 20 miles away from the farm it is declared that he should not be paid. If he is living within 20 miles and has any other occupation, he is not paid. If he is living over 20 miles away from it, it is assumed, so far as residence is concerned, that he is not dependent on the farm and that he probably has a separate means of support from that of the land concerned. There has to be some limit. For example, I do not think the Act should accept a person who lives in the United States and owns a farm in Saskatchewan; I do not think he should be allowed to draw an award. Similarly, with the person who lives in eastern Canada and owns a farm in Saskatchewan; or a person who lives in the province of Manitoba and owns a farm in Saskatchewan from which he is more than 20 miles away. As I say, the object of the legislation is to encourage people to live on and operate a piece of land.

Mr. BENTLEY: But are we not cutting that rather fine? What is the difference whether a man lives $19\frac{1}{2}$ miles away or 20 miles away or $20\frac{1}{4}$ miles away?

I suppose in the case of a man who lives 20 $\frac{1}{4}$ miles away he would be debarred from benefit while the man who lives 19 $\frac{1}{2}$ miles away would be eligible. Why does it have to be made arbitrary? Could it not be left more to the discretion of the board? I have in mind one particular case of which I know where, because of reasons of health, the farmer had to be living in a centre where he could have medical attention, but at the same time he operated his farm; he farms his place. In these days of automotive equipment, a farmer can operate his land living, let us say, 45 miles away just as well as he could if he lived within four or five miles. As I say, in this particular case, because of the reasons I have stated, he found it necessary to live in a town where medical attention was available; yet, because of the 20-mile limit, he is disqualified.

Right Hon. Mr. GARDINER: Where a man has actually lived in his farm and worked it, under circumstances of the sort that you have just outlined, the board take care of a situation of that kind. If a man never had left his farm but happened to be taken because of sickness to a town near where he lives and had always operated the farm, he would be paid; but in cases where he lived over 20 miles away from his farm before taking sick he is not paid.

Mr. CRUICKSHANK: What about the case of a tenant farmer who has to vacate his land, say, by the end of October. I know a couple of cases of that kind where they didn't get paid at all.

Right Hon. Mr. GARDINER: The reason the bill was passed was to make it possible for a man to remain on the land as much as possible. If he goes off the land to seek other employment, he does not get paid until he comes back on the land before the following April. If he is back on the land before the first of May, he is paid. If he goes off the land before the first of November and stays away from it with no intention of going back to work the land he is not paid.

Mr. CRUICKSHANK: But in the case to which I refer he could not go back on the land? You see, he was only a tenant.

Right Hon. Mr. GARDINER: If he sells the farm and departs from it—Oh, you are speaking about a tenant?

Mr. CRUICKSHANK: Yes, a tenant, who has to leave the farm around the end of October.

Right Hon. Mr. GARDINER: If the owner sells the farm and the tenant living on it has to get off before the first of November, he is going to be in a very insecure position. The intention of this bill is to make it possible for a farmer to stay on the land and to work the land in the succeeding year.

Mr. CRUICKSHANK: And if he went back onto another farm this year would he be entitled to benefit?

Right Hon. Mr. GARDINER: Yes, he could be under certain circumstances if the farm were in the same area.

Mr. BENTLEY: Did I understand the minister to say that if a man leaves, let us say, in July, and takes a temporary job—did some building or something like that—as long as he intends to go back by the first of May next year, does that disqualify him for payment?

Right Hon. Mr. GARDINER: He would not be paid until he got back.

Mr. BENTLEY: I see.

Right Hon. Mr. GARDINER: Let us say that he takes a job but he intends to go back and seed the land, when he goes back next year he will be paid for the year in question.

Mr. BENTLEY: He could work the winter any place he could find work, and as long as he went back on the land next year to work it he would get paid?

Right Hon. Mr. GARDINER: Yes.

Mr. ARGUE: Is that provision with respect to a man being on the land from May first to November first found in the regulations, or is it a provision of the Act itself? Where will we find that?

Right Hon. Mr. GARDINER: Section 8 of the regulations provides that he must be the owner or tenant of a farm from May first to November first in any year. I might repeat the section which I read earlier:

He is the owner or tenant of a farm from May 1 to November 1 in any year . . . provided that where a farmer dies or becomes mentally incompetent and where the operation of a farm is being continued by a person who:

2. He lives on the farm and his primary occupation is farming, or he lives not more than 20 miles away from the farm and has no occupation other than farming,

3. He is responsible for the farm operations and the disposal of the proceeds from the farm, and,

4. The farm has not less than 25 cultivated acres or, having less than 25 cultivated acres, is in the development stage, and

5. If residing with a parent or a brother, he operates the farm as a separate unit, and the farm consists of at least a quarter-section of land.

It simply says there that he has to be the owner or tenant of a farm. If he is that for that period of time then he is presumed to have continued on the land. Of course, the fact that he goes away during that period of time stops his payment for the time being because of the fact that the board have no way of knowing whether he is going to stay there or not. If he is back on the farm by the first of May in the following year, then the payment is made to him.

Mr. Ross: But a change takes place nowadays in respect to mechanization of farms. I know of several people in my constituency who operate farms much more than 20 miles apart. I am thinking now, for instance, of a person who may operate more than one quarter-section and each of those quarter-sections being 20 miles from the other. Assuming that to be the case, would he be entitled to receive the award provided under this legislation under those circumstances.

Right Hon. Mr. GARDINER: If he is living on the land, and if he is farming, yes. It is assumed that he is living on one of the three pieces of property to which you have referred, and that as owner or tenant he is operating the others. That is all considered to be a part of his farm. He would be eligible as he would be considered to be living on such a farm.

Mr. QUELCH: Take the case of a man who has a total crop failure. He may be eligible to the maximum payment of \$500, which he would require to pay for seed and feed. As I understand it, he has to remain on his farm until November first. Suppose he had the chance to get work. He knows his crop is going to be a complete failure. Let us say that he goes out and gets work in the middle of August, that he takes a job which, let us say, is 30 miles away; does that 20-mile limit operate in his case; and, would the taking of a job in August also disqualify him?

Right Hon. Mr. GARDINER: You will find the answer to be no. If you read the terms of the regulations which I referred to a moment ago:—

8. No person shall be considered to be a farmer under the Act unless:

1. He is the owner or tenant of a farm from May 1 to November 1 in any year;—

It does not say he is living on it. So long as he is the owner or tenant of it for that period of time. But if he ceases to live on it—that is, if he sells or leases it and moves off the farm, moves away from it, then he is not paid. In interpreting that the board simply says that the farmer operated the farm. He may go and

take a job anywhere. It may be a thousand miles away. It doesn't matter how far away it is so long as he comes back before the first of May of next year. He would still be eligible to receive the benefits of this legislation.

Mr. BURTON: As I understand it, it simply means that the owner or tenant must remain in possession up to the first of November, and if he does that he gets his payments made immediately. If he takes some employment elsewhere owing to the failure of his crop—for instance he may be dried out and he may go and take a job during August or September—in such cases payment is held up until the board are satisfied that he is really back on the land the next year.

Right Hon. Mr. GARDINER: That is the way it works, with this exception that if this man did what most farmers do in those circumstances—if he went out threshing, let us say—he would not be considered as having left his farm because when the threshing season was over he would return to his farm, and in cases of that kind he would be eligible for his payment the first of December.

Mr. TOWNLEY-SMITH: How about a man who has been living on the land continuously but who had to sell his farm before that November 1 date? I have in mind particularly the case of a man who is now 82 years of age. He had a complete crop failure. He sold his farm in September and he is hoping to have the benefits of the bonus payment to help to live over the winter. His application was refused because he was no longer the owner of the land. He is a very old man and he has lived there for a long, long time, but because he happened to sell his farm six weeks too soon under the regulations apparently he is refused the benefits. It does seem to me that the regulations are far too rigid and that they should be administered with a certain amount of compassion. Why, even the army, who are sticklers for detail, have a compassionate section under which they get away from the rigidity of regulations once in a while. I think that is the way our regulations here should be administered. Is there nothing at all which can be done for this man?

Right Hon. Mr. GARDINER: As the regulations stand the report would not be favourable. It is a little difficult to understand why anyone would make an arrangement of that kind or would sell land, or could sell it out in the west, without knowing this situation, because it has been discussed over and over again at every meeting of farmers; and I think any lawyer drawing up an agreement would check into that to begin with. Sometimes people feel that it is better to sell anyway; here is a deal offered, it might not be offered six weeks from now and they sell. I presume they figure when they do that they are getting a better deal than they would get if they waited until later and took this payment. There is no way in which the board can determine what the man thought when he was doing it.

Mr. QUELCH: I still think that rigid 20-mile limit creates unnecessary hardship. Many cases have come to my attention where a farmer and his family have moved in town purely for the purpose of getting their children to school. I think of the case at the moment of a man who moved 24 miles from his farm to get his family attending a school, and just because of that he was deprived of the benefits under this Act because he happened to live for the time being at 20 miles outside the prescribed limit. I think greater discretion should be allowed with respect to this 20-mile limit.

Mr. GOLDING: In administering the Act have you come across many cases of that kind?

Right Hon. Mr. GARDINER: There are quite a number. I get quite a number of communications about them myself. I could not begin to tell you how many. As a matter of fact, when we looked at it in the beginning we thought that if a man lived ten miles away from his farm he should not be paid. I recall that was the attitude at the beginning, but then we doubled it to 20 miles. There may be some question as to whether we should double that and make it 40 miles.

Mr. FAIR: Because of a number of reasons that have been brought in by different members I raise this question. I have similar cases in mind. The minister has admitted now that several cases have come to his attention. It does seem that there should be some change in this 20-mile limit regulation. I think there should be some way of ensuring that no hardship is done to any person who might otherwise stand to benefit under this Act because of the rigid application of a mileage limitation of this kind. I think that part of the Act should be changed. May I also state that I think some modification should be made to this rigid limitation of six months which a person has to be on the farm. I think one or two slight modifications there will result in a great deal of satisfaction to all concerned. There are certainly some things in the regulations which should be changed.

Mr. SINNOTT: I am going to back the minister up. Anyone who lives in the west knows that farmers move their families into town. That is the general procedure. The object of that is so their children will have a chance to go to school, so that they will be closer to good schools than they would be away out on the farm. We must get down to business here and realize that people must stay on the farms. If they are going to live in towns and have the benefits of town life they will have to come under and be subject to these regulations.

Mr. QUELCH: It is all right for the honourable member to say that, but why doesn't he try to be realistic? He knows it may be impossible in the drought area to get the children to school. There are many cases of farmers who live eight and nine miles from school. How are children in such cases to get to school every day? It is impossible. Farmers who want their children to have an education simply have to move into town. Anyhow he knows quite as well as I do what many of these small towns are like; just a few shacks, very often. And they move there for one reason, and one reason alone—in order to give their children an education. You should be the last one to suggest taking that from them.

This is the type of case which should be taken care of, and I am suggesting that the board should be given discretion to allow the bonus to be paid in such cases.

Mr. WHITMAN: What distance would you suggest?

Mr. QUELCH: I would leave that entirely to the discretion of the board in these drought areas. I know the case of a farmer who lives thirty miles from a school. I do not think any distance should be put in there. Let it remain the way it is, 20 miles; and allow the board discretion to pay it where payment is justified.

Mr. SINNOTT: How are you ever going to get schools in these communities whose people won't stay there?

Mr. QUELCH: Give them discretion to deal fairly with cases in the drought area. You know the restrictions there as well as I do. There are cases where you have farms of 3,000 acres where they are only permitted to graze a very limited herd of cattle. Where you have these 3,000-acre farms you must realize that you will never get enough people in one convenient area to justify a school. In cases like that discretion should be allowed.

Right Hon. Mr. GARDINER: May I give what figures I have here? The province of Saskatchewan is divided into six districts. At least, it was during the period for which I have these figures. It is seven now I think. Those figures will cover about one-sixth of the people who are concerned. The number of farmers paid in full in this particular district, 8,580; and the number who were refused because of distance from their farms was 28. There are 28 people in that district, which is about one-sixth of the area. There is another one here; I think

the first is within the area of Saskatchewan—west of Saskatoon, around Rose-town and Kindersley—and that is where I would have thought there would have been the most. The second takes in Mr. Bentley's district, around Swift Current. The number of farmers paid, 9,253; the number refused because of distance, 118. Then I have, I think, one more, the third one—this is in Mr. Carpenter's territory—the number of farmers paid in full, 9,352; the number refused because of distance, 72. So that does give you some idea of the extent to which it operates.

MR. BENTLEY: Might I support Mr. Quelch for this reason: so far as the farmer is concerned, as I appreciate it, he is concerned with the production of farm products—foodstuffs—and he is asked to make his production as abundant as possible. Because of that, I do not think that a farmer should be deprived of whatever benefits there may be because he maintains a home in town or a village, either for the purpose of residence or for the purpose of having his children go to school. I would not like a situation even such as the figures the minister read out would indicate to us. I think there should be a great deal of leniency in the interpretation of this particular regulation; especially in view of the fact that with the automobile it is possible to cover considerable distances in a comparatively short time. I believe the minister should see that the administration of this regulation is made a lot more elastic so that it would permit those who actually make their living off a farm to receive the benefits that it was intended that they should have.

MR. HARRIS: Are the figures you quoted for one year, or is that the accumulation to date?

RIGHT HON. MR. GARDINER: That is for one year. It might interest the committee to know that some of the correspondence which comes to me on this matter is from people who live in places as far as British Columbia in the west and Ontario and points farther east; for the most part, people who still own the land and people who have hired someone to work the land for them, and they are living away from it. We adopt the position they are not entitled to benefit unless they live within the area. Then, another thing is this, that any departure from these regulations has to be approved by order in council. All such cases have to be brought before council. And, of course, when they come before council it quickly becomes apparent that we are paying out about three and a half times the amount of money we are collecting from the farmers under this scheme, and that means that the money paid to the farmers has to come out of the treasury; and that, in turn, means that everybody in Canada is concerned about it. Now, they say, you have got to be a little bit careful about how you pay the money out. Your intention under this Act is to encourage people to stay on the land, to live on the land. With all due respect to the arguments that have been used, I think that I know the west about as well as anyone here; and my impression is that most people, all of them that I know as a matter of fact, who do go to some place to educate their families; are with very few exceptions able to find a place within twenty miles where they can get a good continuation school. There may be the occasional one who is not able to; but I am confident that if there are cases of that kind and it is so reported to the board that in administering the regulations they would take that into account. But, as I said, any exceptional cases which have to be dealt with must be taken care of through the medium of a special order in council.

MR. CRICKSHANK: Does that apply in all cases, Mr. Minister?

RIGHT HON. MR. GARDINER: That applies to all cases. That is the only way in which they can be dealt with. If the board refused to pass an application and there was an appeal from the board's decision that is the only way in which it could be dealt with; it would have to go then to council for final decision. At

the same time, I do not think they should be allowed to do something which does not conform to the purpose of the Act; namely, to encourage people to stay on the land and to live on the land.

Mr. CRUICKSHANK: Well, Mr. Gardiner, I know of two farmers in British Columbia. They were both tenant farmers and they were both forced to get off the land in September; and they both had crop failures. One of them was paid and the other was not. They were both completely burned out. Why would that be?

Right Hon. Mr. GARDINER: There must be some special reason which I have not before me.

Mr. CRUICKSHANK: That is a particular case. They were two families from the same district. One gets the payment and the other does not. How do you explain that? Would a case of that kind be dealt with by the board, or would that have to be referred to council? Who is the board anyway?

Right Hon. Mr. GARDINER: Well, there is a board of three. The chairman of the board is at present the Dean of Agriculture, in the College of Agriculture at Winnipeg. He was previously in the agricultural college at Saskatoon. He is chairman of the board. Another member of the board is Mr. Holmes, of Saskatoon; and Mr. Stevenson is the third member and secretary of the board. They are the people who are administering this.

Mr. CRUICKSHANK: Why did they allow the one and turn the other down?

Right Hon. Mr. GARDINER: Well, I don't know the basis on which their action was taken in those particular cases, of course. I can tell you this, however, that they do have a report from the inspector with regard to every case; and where necessary they send the inspector back to get a further report. They make their decisions on the basis of all the facts which are before them. I cannot tell you what they do in individual cases, except for those which I happen to refer to the board personally and on which I receive their explanation and reply as to what has been done. From my personal knowledge I feel obliged to say that in 99 cases out of 100 I have to admit that there is no question about the decisions made. There is the unusual case in which there is some question, and then they discuss the facts before the board and if necessary make a further inspection before reconsidering such a case. I do not know the facts in the cases to which you refer, but I do know that there must have been some good reason for one man getting paid and the other being refused unless as occasionally happens a mistake was made in making payment in one case.

Mr. CRUICKSHANK: But in this case they had no option; they had to get off the land.

Mr. ARGUE: I would like to deal with these regulations, not only the one relating to the farmer being not more than 20 miles away from the land, but also the one which provides that he may have no other occupation at all. I have in mind a number of cases at home where the farm happens to be small and in a dry area. These people have to go to town and they have to have some sort of a secondary occupation, such as working in a garage, or teaching, or in a local mill. Their main occupation is farming. Their farms may be only two or three miles from town. According to the regulations as they stand, and as they are administered by the board, they would not be eligible to receive the bonus. That is the situation which I think should be corrected.

Mr. CARDIFF: I would like to answer that question, Mr. Chairman; if we don't get a crop we get no consideration in here at all.

Mr. CRUICKSHANK: Well what it all adds up to, Mr. Chairman, is this, that out in British Columbia we are carrying the Saskatchewan farmers. I suppose that applies to the whole of Canada outside the prairie provinces.

Right Hon. Mr. GARDINER: In our experience in administering the Act I think there is room for criticism along the lines suggested by Mr. Argue; that is, in connection with those who are under 20 miles from their land. There are some people who are living closer to their farms than others. For instance, there are some who are living, say, a mile or two miles away; living in a village and operating the farm. We say that farming must be their only occupation, and in some cases it is very difficult to make a decision as to whether the farm is the only occupation. A man may go and paint somebody's house in the village. Facts such as those are all taken into consideration, and I think it will be found that the board are very lenient in their decisions. Farming is a 12 months out of the year operation. But, as I said, the board's action in each case is based on the report of an inspector; and an examination of the decisions by the board shows that they have exercised reasonable leniency, and most of these cases are very well taken care of, although in a few cases there would appear to be some hardship.

Mr. TOWNLEY-SMITH: What do you consider to be a primary occupation: that to which a man devotes most of his time, or that which produces most money for him? Have we any leeway with respect to that definition. I have in mind the case of a man who is teaching. He was living on the farm but because of the scarcity of teachers in western schools he taught school. I took the trouble the other day of working out the actual amount of time he put on his respective jobs, shall we say, and I found that he was putting twice as many hours in working on his farm as he was in teaching school—and I do not mean sleeping. Well, he was unable to get any bonus benefit because he was teaching school. That is what prompts me to raise this question of what you consider to be a primary occupation. In this case he did not get any benefit from working the farm at all; his only means of livelihood was what he secured from teaching school. I suppose it may be said that that was his primary occupation because that was his only source of income; although, as I said, he was putting in twice as many hours on the farm as he was in the school, and he was not able to draw any bonus because he was teaching.

Right Hon. Mr. GARDINER: There are so many things that have to be taken into consideration. You will recall that when this bill was up in the House the other day I said that there were at least a million and a quarter acres of land which should not have been brought into cultivation. As a matter of fact, they were taken out of cultivation. I should not say the whole million and a quarter acres were taken out of cultivation because some of them were lands which were ranges on lease. But there have been a million and a quarter acres put in pasture; and every western member knows that there were thousands of acres of land that were shown during the drought period to have been submarginal. People just quit working them and went away and left them. There are some persons who have gone back onto land of that kind. The young man teaching school may possibly have been one of this kind. A lot of people are teaching school somewhere in this vicinity and they take it that they will get part of a piece of land, then they will put a crop in and maybe get something out of it. Some like to get land of that kind and keep it. They may get a crop on it once in a while. I don't know if that would be the case with this friend of yours or not. I gather that in this case submarginal land of this kind was involved. It may have been, or it may not. The point is that each case has to be considered on its merits, and the board would have to have all the facts before them when making a decision.

Mr. TOWNLEY-SMITH: How is that amount which the farmers pay, the fee, arrived at? I think it is one per cent of something.

Right Hon. Mr. GARDINER: I have some figures here before me which may give you some information on that. The amount taken in by way of fees col-

lected during the years from 1939 to 1945-46 was \$21,983,416.21; and the amount paid out down to the same date was \$62,388,395.69, or about one-third of the amount paid was collected from farmers. The farmer pays one per cent of the amount he receives for the grain he delivers at the elevator into this fund. Approximately \$22,000,000 in round figures was paid in and \$62,000,000 paid out. That means that around \$40,000,000 in round figures came out of the treasury.

Mr. COYLE: Is there no other source of revenue except that one per cent?

Right Hon. Mr. GARDINER: No.

Mr. HARRIS: Then there is no need of making any changes there in paragraph (d) to which I referred?

Right Hon. Mr. GARDINER: We will deal with that in the regulations.

Mr. COYLE: I would like to ask a question about that. I come from the tobacco district. I might say that I was one of those who woke up one morning last fall and found that because of a heavy overnight frost I had lost a \$7,000 crop. If we are going to do this for the farmers out on the prairies why should not some consideration be given to us down in Ontario in the tobacco district?

Mr. BENTLEY: I don't want to start an argument, Mr. Chairman, but I would like to ask the minister, in view of what he said in the House—or what I think he said, we will put it—if any crop insurance plan would require the co-operation and consent of the provincial government. Have any conversations or discussions been carried on with any provincial authorities, or with any persons, with a view to supplying for the farmers of Canada as a whole something in the nature of what is taking place through the medium of this Act in the three prairie provinces?

Right Hon. Mr. GARDINER: Yes, there have been discussions on this matter for as far back as I can remember, fifty years or more—I am not able to go back much further than that—between the dominion and the provinces. It was thoroughly discussed around 1900 in connection with a hail insurance plan for the western provinces, and it was brought out at that time that the federal government could not consider such a matter because insurance was a question which under the provisions of the British North America Act rests entirely with the provincial authorities. It was not a matter which could be brought in here at Ottawa. We were told at that time that anything in the nature of insurance had to be brought up in the provinces. That is the reason why the three western provinces did have hail insurance measures. I understand that Manitoba dropped theirs, but as far as Saskatchewan is concerned they still operate under that Act. Any province can bring into effect an Act of that kind if they so desire. The way an insurance act operates is through the payment of a premium. An insurance act of any kind may be brought into effect by provincial governments. When it came to the matter of drought insurance it was found that the losses were so great in a particular year that a provincial government could not possibly hope to take care of drought insurance. Perhaps I could give the committee some idea of what is involved by a few figures. Suppose in one year you had a \$16,000,000 loss incurred through drought. Sixteen million dollars is no easy amount to find, and to meet payments of that size would probably wipe out the fund built up by your premium payments. That is to say, you would collect a small amount of it this year, then next year you have a drought and you more than wipe it out. Let us say you build up a fund of four or five million dollars and drought comes along and you have payments totalling eight to nine million dollars; you simply go broke. And no insurance company, or anyone interested in that kind of thing, would take that sort of risk. Prior to the date of the legislation we paid \$186,000,000 out of the

treasury of Canada to keep people alive; not under this government alone; that includes the amounts paid under the Bennett government. Altogether we have paid, as I have said, \$186,000,000 to keep people living on the prairies. It was decided that it was better to have some system under which the thing would be done in a regular way and under which people would be paid automatically. I doubt if there is any practical scheme of premium payment by which you could create a sum large enough to take care of any losses which might come over a period of, say, ten years.

Mr. COYLE: We still have a lot of vacant farms in Ontario.

Right Hon. Mr. GARDINER: I might tell my hon. friend that I come from Ontario myself, and know as much about it as anyone. The farmers down in that section of the country have received, over the years, just as great benefits as have any in western Canada. If we were to go back over what happened in the last 100 years in the way of assistance to settlement in eastern Canada—not confined to Ontario alone—we would find that there were a lot of things done which by comparison would not reflect any discredit on the help we are giving farmers in western Canada to-day. However, let's get on with the bill.

Mr. BENTLEY: And you say that a charge of one per cent is collected?

Right Hon. Mr. GARDINER: Yes, a levy of one per cent of the money paid for the grain delivered at the elevator is deducted when payment is made to the farmer for grain delivered at the elevator and it goes into this fund.

Mr. Ross: Mr. Chairman, may I call attention to subsection (3), clause (e) the last section of which reads, "or who as a member of a co-operative association is engaged in farming in the spring wheat area." I wonder if the minister would permit an amendment to that so that it would read, "a co-operative farming association." We have heard a lot about co-operatives and I think a distinction should be made which will tie in the specific type of co-operative organization which is contemplated by this section, namely, the farmers' co-operative, or what might be more properly termed, I suggest, the "co-operative farmer association." Would there be any objection to that?

Right Hon. Mr. GARDINER: I do not think there is any objection to the word being put in. I think in the draft it was intended to cover co-operative associations connected with farming as distinguished from cases where you have a number co-operating in a store, which is just a co-operative trading organization although the operators may be farming.

Mr. Ross: There is no objection, then, to including the word "farming" where I have indicated?

Right Hon. Mr. GARDINER: I do not think so, and I think we will do it.

Mr. BENTLEY: Mr. Chairman, may I refer again to the point which I brought up about the possibility of extending insurance provisions such as are provided under this scheme to Ontario and the other provinces of Canada. From what I have seen and heard I know that it would be a benefit to many provinces. I would like to ask the minister if he has received any suggestions from organized farmers in Ontario or from any of the other provinces as to the possibilities of their coming under this Act as it stands now?

Right Hon. Mr. GARDINER: We certainly have had representations from persons, but not provinces, so far as I can recollect. I can recall that we have had representations from farmers who may belong to farm organizations but I do not think any such requests have been received formally from provinces.

Mr. CRUICKSHANK: Didn't our provincial government (British Columbia) make such an application to your government?

Right Hon. Mr. GARDINER: Well, part of British Columbia, that part which is concerned, is already under the Act. I refer to the Peace River clause.

Mr. CRUICKSHANK: Did not the provincial government pass legislation in May of last year—

Right Hon. Mr. GARDINER: I think it is the P.F.R.A. which you have in mind.

Mr. McGARRY: This thing seems to be getting quite lively. What I have to say, of course, does not apply directly to the bill before us, but I think it is something on which we should have some information. Suppose, for instance, that the province of Nova Scotia were menaced to a great extent by flood waters, ice floes and things which destroyed a great deal of land which was rendered unsuitable for production, I would like to ask the minister if any action has been taken to expand this Act to deal with matters of that kind. Does the initial action have to start with the province? If you were considering an extension of this Act to cover areas such as I have in mind, how would you proceed?

Right Hon. Mr. GARDINER: Any form of assistance which is going to be given under this Act by way of giving out money does not have to start with the province. If we were going to start an insurance plan, that would be taken care of by the provinces. We are giving relief to the areas to which you refer, but we are doing it in another form. You refer, I presume, to the matter of repairing dykes and building ditches for the drainage of the flooded land. We are doing that under another Act; at least, if it were going to be done by an extension of the P.F.R.A. it would be under another Act. It was decided the other day not to do more under that Act but to do it under a separate item in the estimates. We are now carrying on negotiations with the government of Nova Scotia and also with the government of New Brunswick to determine the best manner in which such arrangements could be put into effect. We spent some \$86,000 on that account last year and I hope there will be a larger sum made available for use this year.

Mr. McGARRY: Who looks after the river waters and their control in New Brunswick?

Right Hon. Mr. GARDINER: Works of that kind are taken care of by the Public Works department, and have been throughout the years. I would not like to say that any plan we are thinking of in connection with agriculture would apply to these rivers. That would be a matter of internal arrangement within the government, as to whether they did it under public works or in some other way.

Mr. McGARRY: That would come under the vote for public works?

Right Hon. Mr. GARDINER: It would be in the vote for public works; they do the public works on navigable streams.

Mr. JUTRAS: Before leaving this section, Mr. Chairman, I wonder if it would be in order for us to consider the matter of the definition of "township." We are frequently encountering difficulty, in Manitoba particularly, because the only definition on which we have to go is that contained in this Act: "'Township' means . . . a township according to the system of survey authorized by the Dominion Lands Surveys Act." As you know, in Manitoba there is a very large area made up of river land, land which lies along the Assiniboine and the Red rivers; and when it comes to an application of the Act there is no definition as far as I know, and there is nothing in the regulations which provides for the extension of these benefits to those lands described as river lots. I know that in my area we had a very extensive crop failure one year and we tried to devise some kind of a plan, but we never succeeded in arriving at a satisfactory one. While we have this Act before us I believe some provision should be made to include these river lots. I think we should be able to clarify the section in

such a way that they could be brought under the regulations; and in such a way that Mr. Stevenson or the minister would be in a position fairly to deal with any claims which might arise from such lands.

Right Hon. Mr. GARDINER: Apparently the only definition we have to go by at the present time is that contained in the interpretation section, subsection (1), which says:

(1) "townships" means, in the provinces of Manitoba, Saskatchewan and Alberta, a township according to the system of survey authorized by the Dominion Lands Surveys Act, and in the province of British Columbia a township whose boundaries are confirmed by the Official Surveys Act of British Columbia.

Now you are suggesting an amendment is required in that particular section?

Mr. JUTRAS: Yes.

Right Hon. Mr. GARDINER: I have just been discussing that with the secretary (Mr. Stevenson) and we will have another look at it. There have been some difficulties in connection with it, and if it is necessary to have something in the definition we will introduce it into the House.

Mr. JUTRAS: Is there anything in the regulations which covers that point? I think it would be proper to add a clarification to the definition of "township" as it is now, because in the Red River valley and in the Assiniboine river valley in Manitoba there are large tracts of land which are made up of river lots and wood lots. The act does not provide for these. The definition in the Act only provides for the definition of a township, and it is defined according to the system of surveys authorized by the Dominion Land Surveys Act.

Right Hon. Mr. GARDINER: I would think from reading this that it is the Dominion Land Surveys Act that governs this land.

Mr. JUTRAS: There must be something in the Act which makes provision for these areas, but maybe it is not clear enough to cover these cases, and I am asking that something should be done to cover such cases. The Land Surveys Act does define river land but there is no equivalent to a township.

Right Hon. Mr. GARDINER: If that is the case we will require to have some different wording put in.

Mr. TOWNLEY-SMITH: Should not consideration be given to this matter: a township in the west is a piece of land six miles square. I live in township 48 in range 25. When this survey is being made will they confine themselves to township 48, range 26, or would they have to take half of township 48 and range 26 and half of township 48 and range 25 and still call it a township? Does it have to be the township as it is mapped or can it be any piece of land six miles square that is designated?

Right Hon. Mr. GARDINER: It must be a township as it is defined in the Surveys Act—six miles square. If it is township 48 it is township 48. The only exceptions to that are when you come to the main meridians. The townships are not six miles square. And when you come to the places where you have had to make corrections at the river—the Saskatchewan river particularly—you have small townships put in in order to take care of the necessary correction. Those have always been accepted as townships under the Surveys Act.

Mr. TOWNLEY-SMITH: Could some consideration be given to half of 26 and half of 25 in a township that had been ruined where the other half might be higher? There is a piece of land six miles square that is completely ruined as far as crops are concerned and half comes in one township and half in another.

Right Hon. Mr. GARDINER: Provision is now made, providing that it is contiguous to an area that is already declared to be a drought area or a district in which payments can be made. If the township south or north of those two town-

ships happens to be in either one or the other then you can put in any nine sections that are contiguous to it or you can take up a half or three-quarters of a township and put it in. If there is not area round about it that is subject to drought then it is presumed that that area is submarginal land, and we are not supposed to pay anything on submarginal land.

Mr. Ross: I would like to support Mr. Jutras in this matter. I know that in the wording of the Act with the officials in Manitoba that question has arisen in the past, and it might become a serious problem; and I hope that in amending the Act you will give consideration to this matter because it prevails in all parts of Manitoba where there are river lots.

Mr. FAIR: Mr. Chairman, the figures given by the minister showed that the farmers had contributed \$22,000,000 to this fund. Since the inception of the scheme we have drawn out a little over \$62,000,000. Some people have a habit of making a lot of these payments. That is one side of the argument. Let me point out that the farmers of the three prairie provinces and the Peace river block this year so far have contributed more than a dollar a bushel on every bushel of wheat delivered under the British agreement. That is so far this year. That, I think, will come off the \$40,000,000.

Right Hon. Mr. GARDINER: We do not think they have.

Mr. BENTLEY: Mr. Townley-Smith was speaking about a certain matter, and I would like to give a concrete example to support his suggestion that the minister give some consideration to this matter. Take the area lying in the apex of a triangle between Prelate and Leader which slopes around and makes a basin in the middle. Now, that basin is almost a Garden of Eden with rarely a crop failure and there are no floods to worry about. The fact is that they have a reasonably good crop nearly every year. However, there are bad years when these good sections usually bring the average for the whole country up higher than will allow for payments under the Act, and the result is that those on the slopes may be suffering badly. Because of the high average they are not eligible for payments because the Act says that there must be a rectangular block contiguous to an area which receives a benefit and that makes it difficult. Because of the particular geographical layout in that particular part of the country you make it almost impossible many times for them to have that contiguity, shall I say, that is necessary to come under the regulations. There must be other places similar to that, and I just mention that case.

Right Hon. Mr. GARDINER: There are scores of places like that; but as I said in the House the other night, there is only one way this can be dealt with and that is under insurance. Now, the provinces can take care of that or if the municipality does it it can deal with the individual farmers. All of our divisions are rectangular or square; there are no lines running any other way. We have no legal way of defining anything except around those squares. The same position taken with regard to the area applies to a farmer. The line as between his good land and his poor land sometimes runs in a diagonal direction across the farm or zigzags across it. We cannot deal with that. We have to say as far as the dominion government is concerned that we are taking care of our responsibilities by taking care of these large square blocks. We say to the municipal organizations and to the provinces: "If you want these corners taken care of other than by direct relief you have the authority to bring in an insurance plan to take care of them; but if you want P.F.A.A. to act you will be prepared to contribute so much money in order to have them taken care of as individuals by collecting from them or otherwise. We have no objection to administering it or to the farmers doing it and administering it; but we do not think the federal government should assume the responsibility for this whole problem. If the smaller areas are to be dealt with we think the province or the municipality concerned ought to do something about it."

The CHAIRMAN: Shall clause 1 carry?

Mr. WRIGHT: I would like to ask a question with regard to cultivated land. The subsection reads:

'Cultivated land' means land that in the year of award was seeded to crop or in summerfallow and includes land seeded to grass in any year if the productivity thereof was maintained in the year of award.

What does that mean? Does it mean that there must be a hay crop cut on it, or does it mean that you can pasture it? What is the definition?

Right Hon. Mr. GARDINER: It really means that the inspector goes out and looks at the land and sees if the fellow has been taking care of it, and if he has been taking care of it the money is paid; but if he has been letting it stand idle and it becomes useless for any purpose whatsoever it will not be paid for. If so, it is not cultivated. It comes down to this: if you leave different kinds of grasses too long without breaking the land up and refertilizing it or doing something like that to it you have not got much left. We reserve the right to say that man is not cultivating the land and we are not paying him.

Mr. WRIGHT: Is it left to the judgment of the individual inspector? There are not set rules?

Hon. Mr. GARDINER: Yes.

Mr. FAIR: May I ask the minister if he has considered reducing the area to make the farmer eligible under the P.F.A.A.? For example, in a number of cases we find there are smaller areas than the required number of sections at the present time, and we have had a number of requests from farmers to have this brought on an individual basis. In some cases they are suggesting six sections in the township regardless of whether they are contiguous or not.

Right Hon. Mr. GARDINER: The same argument applies in your case as in Mr. Bentley's case. If there are small areas like that they ought to be taken care of in some way. The federal government feel that when we are taking care of areas down to a quarter of a township we are discharging what we consider to be our responsibility in the matter; and if the provinces or the municipalities want these other smaller areas dealt with then we hope they will make some proposal in which they will assist in the financing.

Mr. BURTON: Mr. Chairman, while I realize, following the minister's statement made in the House the other day and his explanation today, that there would be considerable difficulty in instituting an over-all group insurance plan, nevertheless I contend that the difficulties are not insurmountable although they would need a considerable amount of co-operation. To get down to the point under discussion, the minister has on occasion, both to-day, and in the House referred to the fact that the smaller areas must, if they are going to be taken care of—in so far as the central government is concerned—must be taken care of by the municipalities or by the provinces. There is a point I wish to direct your attention to and that is that even in Saskatchewan there are large areas that are not in the drought area. In fact, I want the members of this committee to know that the greater part of Saskatchewan is not in the drough area. But we do have occasions when we have a drought even in the better parts of the province, and it comes in the smaller areas. Now, here is the position we are in—and I would like to have the members of the committee who are from other provinces realize the position we are in. We, in all parts of the three prairie provinces pay this 1 per cent on every load of grain we take to an elevator; and in the greater part of Saskatchewan as well as in the greater part of Manitoba and Alberta, owing to the regulations that we have in this Act, we have never any opportunity of making use of the benefits of that Act just because, according to the definition and regulations laid down, certain areas are covered.

Now, the point I wish to bring to the attention of the minister, and it is one that he well knows, as well as do other members of the committee, is that there are many farmers in the prairie provinces who have paid from the beginning their 1 per cent, and they also have paid with the rest of the citizens of the dominion the additional amounts that the dominion has put into the P.F.A.A., and they have never had an opportunity to make use of the benefits of this Act in view of the fact that they have not had a crop failure. I believe that the minister's and the government's purposes would not be defeated if they consent to make a smaller area available under this Act. I believe it could be worked out. In so far as other parts of the dominion are concerned, I do not believe your case would be helped at all by coming under this Act; but I want to repeat what Mr. Bentley said a short while ago, that any time you people can bring, from your part of the dominion, a crop insurance plan that will help you, you will find the people from the prairie provinces backing up your demands in that respect. However, the P.F.A.A. would not be of any help to you; there would have to be something different. However, I do appeal to the minister that when we have the P.F.A.A., and when we tax the people—take from them without any question sums of money to go into their funds—then we should go as far as we can to make it possible when these people have a calamity or a crop failure—and that can easily happen—to get help; and I have noticed from time to time, where a farmer runs his farm as well or even better than his neighbour who is across the township line, that the lack of showers has left him with little or no crop. Consequently, I do believe that when we are going to continue taxing the people we should give them an opportunity to have the benefits when these calamities occur.

Mr. WRIGHT: I want to agree with Mr. Burton. I know an area in the province which has contributed to this fund probably as much or more than any other similar area in the province and has drawn practically nothing from the fund because of the limitations in areas and because of the fact that this is worked entirely on a bushel basis. For instance, a farmer may have less than eight bushels per acre of No. 1 wheat, seven bushels of No. 2, and he comes under the Act; but if he has eight and one-half bushels of feed wheat—if the wheat has been frozen—he does not come under the Act. That has happened on more than one occasion, although he has contributed to the fund ever since the Act was set up. That happens simply because our wheat is of a lower grade, but we have the quantity; therefore we do not come under the Act. Now, I think there should be some other regulations in the Act—the Act should be amended—to cover cases like that, because we get less money. We may get 32 cents a bushel for seed wheat when No. 1 wheat is probably selling at 70 cents a bushel. As far as financial returns are concerned we have just half the return of the area which is actually being paid. So, there are anomalies in the Act which I think should be righted.

Mr. HARRIS: You pay only half as much of the 1 per cent.

Mr. WRIGHT: Yes, but we have contributed over the years. For many years we may have a crop of 40 bushels to the acre and we pay 1 per cent. We have paid into the fund many times what has been drawn out of the fund in our area. I would like to see the Act so worded that we would have more hope when we do have a crop failure of benefiting under the Act as far as the returns are concerned. I think that is fair. Unless there are some changes made in the regulations we can never hope to benefit under the Act in some of the areas. Because of floods last year a large area was never planted. Those flooding conditions were such that the area was not contiguous to an area large enough to be paid, and as a result we did not draw from the fund although contributing to it. If we are going to contribute to it we think we should have the same chance, when we have a crop failure, of benefiting under the Act.

Mr. QUELCH: I think there should be some modification. In 1939 when the Act was brought down we were on a township basis. In 1940 or 1941 there was an amendment made, and that is the condition that exists to-day. That amendment was to the effect that a bonus could be paid provided you had nine sections in a rectangular block and provided those nine sections were contiguous to a township that was eligible. I do not see why it is necessary to have the nine sections alongside a township that is eligible. For instance, you may have nine sections with a total crop failure alongside a township that is not eligible; whilst on the other hand, just one mile south there may be a township that is eligible. After all, nine sections is quite a large block, and a block that size should be a sufficient block to justify the payment of the bonus without that block being alongside of another township that is eligible.

There is another point which I think is unfair. The Act further provides that if you have nine sections of land within a township that is eligible, if it has an average of 14 bushels or more, that nine sections can be taken out. In the nine sections you might have one or two sections that had a total crop failure. If you include those sections in with the nine the yield may still be over 14 bushels to the acre, and yet those two sections would be deprived of the benefit of the Act. That is not fair. Some change should be made. Where it is proposed that a block of sections be taken out of an eligible township on the ground that the average yield is over 14 bushels to the acre the Act should state that no section shall be included in that block if it has less than 8 bushels to the acre. I know a case where ten sections were taken out of an eligible block because the average yield was over 14 bushels to the acre although four of the sections had a total crop failure. The officials pointed out that under the Act they were forced to do it. Under the Act they are not allowed to take less than nine sections out, so they had to include some other sections in order to bring it up to nine. I think the minister will agree that that is not fair. I suggest that at least he will deal with these two situations. First of all say that we will pay the bonus on any nine sections in the rectangular block whether or not they are alongside of a township which is eligible; furthermore, we will not deprive any piece of land of the benefits where it has a yield of less than 8 bushels to the acre, provided it is in a township that is eligible.

Mr. CARDIFF: What does it cost? What percentage does it cost the government to administer this Act over and above what they collect in taxes?

Right Hon. Mr. GARDINER: It does not cost them anything over and above.

Mr. CARDIFF: I mean, the tax you collect?

Right Hon. Mr. GARDINER: It cost \$300,000 odd. I will give it for the last year, which is the highest for any of the years. The total administration cost for the fiscal year 1945-1946 was \$327,418.54. There was \$16,000,000 paid out that year. The total cost of administration was \$327,000 and there was collected on the 1 per cent basis \$3,426,000; about one-tenth of what was collected was the cost of administration.

Mr. CARDIFF: That is not the question I asked. What did it cost to pay for this Act over and above what was collected?

Right Hon. Mr. GARDINER: Oh, I gave those figures before. In round figures, \$62,000,000 has been paid out and \$22,000,000 has been collected from the farmers—\$42,000,000 in round figures; \$42,000,000 have been paid.

Now, a question has been raised about various areas, and I think the best way to indicate what has been paid is to show you this map. The different colours represent the different payments. This map covers the whole area. The coloured portion is where payment is made and the white area had no payments but collections were made over all. The white areas pay in but do not get anything.

That brings me to the point raised by Mr. Wright. I live in one of those townships myself where there never has been any payment made of any kind. We get more than 8 bushels to the acre every year and always have since the Act was brought in. We pay in every year and we get nothing out. I suggest that they are not nearly so badly off where I farm or where Mr. Wright farms as the statement he makes would indicate. We are in a live stock producing area, and we would not be producing live stock if we were in the dry areas. When we get frozen wheat we feed it to the hogs and the cattle, and we are not charged 1 per cent on the hogs and the cattle. That wheat has no 1 per cent paid on it when it is frozen if fed. Very few farmers in the livestock feeding areas sell frozen wheat. We feed it even if we have to keep it for three or four years, and that wheat does not pay into the fund at all, and if it goes into the production of hogs or of cattle we get payments on the hogs and the cattle. We are not as badly off as a mere statement of the kind just made indicates. We are not paying on wheat at all in this bill. This Act does not provide for paying on wheat. We simply use wheat to go through the district and find out whether it was dry in that season. As soon as we find out we forget all about wheat. It has nothing to do with paying on wheat at all. We pay to every farmer who farmed in that area because it was dry and for no other reason. We merely use wheat as a barometer when it comes to taking in these nine townships or taking them out. When this proposal was brought before the government first it was a proposal to add in parts of a township. I must say we started very much below nine when we started to try to get it in. I am speaking now of municipal organizations, farm organizations and representatives of the House who represent farming constituencies. We started with four or six sections and said, "How about that?" Of course, we finally got to the position where it was agreed it might be reasonable to take a quarter of the township and add it on, not take it somewhere else where it would just be a block stuck in in one of these white areas, and which would indicate in all probability the land is poor land, and that the reason it has not got a higher yield of wheat is that it is contiguous to an area that has already been declared to have been a drought area, so we will add on a quarter of the township.

We had to find some way of defining it. You cannot define it as a zigzag. You cannot say anything as to how you are going to determine that. They said it would be a rectangle and nine or more. When we got to that point somebody said "What about these fellows who are just outside of the drought area? Why should they be left in?" Those of us who were advocating putting others in had to agree there was some reason in that. Here you have nine sections that are just outside of that large area that shows here in colour. You have nine sections just along the edge of that area. They are out into the other districts really. If you are going to put those in that are on this side of the line then you should take those out that are on that side of the line.

That argument was put up by those who are protecting the finances of the treasury. They say, "If you are going to take these in we will admit that provided you take these others out". I may tell you that worked very well on the basis it now is, that in order to get in it has got to get down to 10 bushels to the acre, and in order to get out it has got to get up to 14. It is 2 bushels on each side of the line of 12. When we had been paying on 12 we never had many payments between 8 and 12.

I should finish the statement I was going to make. During the period that we were paying on 12 down it was just about equal. The districts that were taken in and the districts that were taken out were just about equal, but now when you have got to get down to 8 in order to get into that position you find there are a great many more of them taken in than are taken out. You never

do get this 14 provision that is suggested, and therefore very few are taken out. I have the figures here in this statement as to what they were last year. It is at the bottom of page 2 of this report.

The above table includes payments made in complete townships found to be eligible under the Act, and also payments in 340 part townships.

In other words we take in 340 part townships.

Section 7-A of the Act provides conversely that blocks of sections must be excluded from eligible townships when the average yield of such blocks exceeds 14 bushels to the acre. Eight part townships were excluded from award under this provision.

You see now with the 14 there if you started to really deal with it as it probably ought to be dealt with you would be losing areas rather than getting areas in. The provision there is that 340 come in and 8 go out. The provision when it was first made meant that about the same number came in as went out. That is because we have departed from the 12 bushels because of the higher price we are now getting for grain. We go down to 8 bushels before we put anybody in, and we do not get anybody out until we get them up to 14.

On the suggestion made by Mr. Quelch, if we were going to follow the proposal made, namely, that we would pay it on a basis of 9 sections or more and put the whole legislation on that basis, not only would we require to go through all this white area and put in areas where it is down below 8 bushels, but we would have to go over all this coloured area and take out blocks that have 8 bushels or more. I doubt very much if that would change the position very greatly from what it is, but it would certainly greatly increase the cost of administration. We would have to go over and check every one of these. Now when you go across the road in a six mile square you find one fellow treated one way on one side of the road and another fellow treated another way on the other side. You would have that same condition around every quarter of a township in the future which would increase the number of people who are dissatisfied by probably three or four times because of comparing their condition with somebody else. I do not think you would help the situation by doing that. We have given a great deal of thought to it. We think it is better to go on on the township basis and make this provision for people being taken in and out around the edge.

The CHAIRMAN: Is that carried with that one word included, "farmer", so that it will read "co-operative farmer association"?

Carried.

Clause 2 of the bill amends section 3 of the Act. All in favour of that?

Mr. JUTRAS: Just for clarification on this section I should like to ask this question. Do I understand from this, taking the example that was given a moment ago, that if the wheat is frozen over a township, for instance, and all we are guaranteed in that township is feed grain, let us say, at a price of 70 cents a bushel, does that mean that that township qualifies for \$1.10?

Right Hon. Mr. GARDINER: If it is over 8 bushels to the acre it does not qualify. If the yield is over 8 bushels to the acre it does not make any difference about the grade of the wheat. It does not qualify. If the yield were 20 bushels to the acre and it was feed wheat that would not indicate there was any drought. In all probability it indicates there was a very wet year and you got frost.

Mr. JUTRAS: Would you mind drawing the line between the two? I have always had a great deal of difficulty in understanding them, crop failure year, and emergency year.

Right Hon. Mr. GARDINER: They do not exist any more under this bill so you can forget about trying to understand them. That does not exist any more. This bill takes that entirely away.

Mr. JUTRAS: Later on there is a clause that provides for 10 cents for each cent that the wheat is below 80 cents a bushel. That, too, is on the basis of yield. I imagine it is a combination of the two that comes into the picture.

Right Hon. Mr. GARDINER: The provision now is that payment is made if there is any township at all in any province that has 8 bushels or less per acre. Under this bill payment is made. If you get back to the position where wheat is under 80 cents a bushel then you get back to the position where you are paying from 12 bushels down and not from 8 down. Under that provision you go out 10 cents on each cent that it is above 70 cents until you get out at 90 cents, but it is paid to the whole amount from 70 cents down.

Mr. ARGUE: Under the crop failure assistance part of the Act there was provision for payment of a minimum amount of \$200 per farmer or at the rate of \$2.50 an acre if he did not have sufficient cultivated acreage to get him up to a payment of \$200. I should like to know if that provision will remain. I do not see it in the amendments.

Right Hon. Mr. GARDINER: That provision remains. It is subsection 5 of section 3 of the bill.

Where not less than one-half of the cultivated land of a farmer that may be included in the computation of an award under subsection 2 of this section is situated in a township in respect of which an award may be made under paragraph (c) of that subsection and the amount that the minister may award to him under that subsection is less than \$200, the minister may, in lieu of that amount, award him the sum of \$200.

Mr. ARGUE: Is that not for a farmer where a part of his land is in a township where payment is not made and a part in another township where it is?

Right Hon. Mr. GARDINER: It covers both, everything.

Mr. ARGUE: If a farmer has 100 acres cultivated and he is in an area where the \$2.50 an acre payment is made he will get \$200?

Right Hon. Mr. GARDINER: A minimum of \$200 in an area where the yield is 4 bushels or less per acre. The minimum is \$200 in all cases. The maximum is \$500.

Mr. FAIR: Clause 3 of section 3 says:

No award under this section shall be made

(b) with respect to more than 200 acres of the cultivated land of the farmer.

If a farmer has 1,000 acres under cultivation and has all the expense of working that land and paying taxes on it and has a crop failure then he only receives payment on 200 acres?

Right Hon. Mr. GARDINER: That is all.

Mr. WRIGHT: I want to take exception to what the minister said with regard to feed grain all being fed on the farm. I think perhaps the farmers in eastern Canada would be in a rather bad position if all the feed grain we grow in the west was fed on the farms in the west. As a matter of fact, several million bushels are shipped every year to the east, heavily subsidized, by the way, but we will not argue that point.

I want to say I really think there should be some provision in the Act to meet this situation. If the financial returns to the farmer are less than the amount that there would be if he had 7 bushels of No. 2 wheat, let us say, if he

has 10 bushels of No. 6 wheat or feed wheat he should be entitled to come in under the Act because the return is less than he would have received or that farmers are receiving who have that return.

Right Hon. Mr. GARDINER: What would you do with a farmer whose pigs take scurvy or whose cattle take black leg, and all that kind of thing?

Mr. WRIGHT: That is a different proposition entirely. This is the Prairie Farm Assistance Act to which we are contributing. We have contributed over the years. As far as the township I am in is concerned I do not think we will ever come under the Act. I hope not. We do not object to paying, but there are marginal areas around the area I represent where they are subject to frost and subject to floods. They are really in need of some assistance just as much as though they were living right in the centre of the drought area. They are contributing to the Act but it is very seldom they can ever get anything out of it because of the way in which the regulations and the Act are drawn. To be fair I really think there should be some leeway given with regard to that. It should be worked on the basis of cash returns rather than paying it on a straight bushel basis because in these areas if they break a new piece of land it is put in wheat. The best land is put in wheat. They try to get as much return as they can from their land with the result that, the basis on which the Act is operated being wheat, they naturally put themselves out of the Act. If they have a high piece of land they can get it in early and they sow it in wheat. Maybe there is only a small portion of the farm that is like that, and a large part of their farm is low land and they sow it in oats and barley. As a result of that they have a greater average yield of wheat in proportion to coarse grains, and it does operate unfairly as far as they are concerned. If in those areas they used coarse grains as the basis of the Act they would come in, but because the Act uses wheat as a basis for determining whether or not they come under the Act, and the highest land is put in wheat, they just do not come under the Act although they contribute to it over the years. I think some consideration should be given to those areas.

Mr. BENTLEY: I wonder if the minister would put into plain language the exact meaning of subsection 4 of section 3, the kind of language he uses to speak to the farmers in the school house.

Right Hon. Mr. GARDINER: It deals with that fellow somebody was talking about a while ago. That is the man farming one piece away from the other. The land is divided proportionately as between the two places in order to take care of what he is entitled to. It is an unfortunate thing.

The CHAIRMAN: Shall clause 2 carry?

Mr. HARRIS: There is just one remark that I want to make. It has to do with the second line of subsection (3). In the definition of farmer above we have gone away from the old definition which said that a farmer is one who is resident from May first to December first. This is an effort, I take it, to extend the Act, and the definition is this, "to each person who was a farmer continuously from the first day of May to the first day of November—." The use of the word "continuously" seems to be a way which would cut down all these benefits which we have been discussing earlier in this meeting.

Right Hon. Mr. GARDINER: According to this, it means "each person who was a farmer continuously from the first day of May to the first day of November in such year."

Mr. HARRIS: If I were to administer the Act I would be stumped by the word "continuously;" and I would have thought that I would have to come back to the old definition we had this morning—the case of a man moving off in July and August to earn some money.

Right Hon. Mr. GARDINER: All it says is, "a man who is an owner or a tenant and operates a farm."

Mr. HARRIS: I agree with you, he operates this farm—

Right Hon. Mr. GARDINER: Either as owner or as tenant he is operating the farm, even though he is not there.

Mr. HARRIS: We are leaving again to the discretion of the local board decision as to whether or not he ceases to be a farmer by doing the act of moving off to assist himself; and I suggest the word "continuously" ties down a lot of the discretion which they have now.

Right Hon. Mr. GARDINER: Probably in explaining it before I did not make myself plain with regard to that. A farmer is a farmer if he owns and operates land.

Mr. HARRIS: I realize that from the definition itself.

Right Hon. Mr. GARDINER: And, in order to operate the land, he does not have to be there himself.

Mr. HARRIS: That is where you change it from residence to something else.

Right Hon. Mr. GARDINER: The position is that in order to prove that he is still the owner and operator of the land the board insists that he go back on the land before the beginning of the next year.

Mr. HARRIS: I see.

Right Hon. Mr. GARDINER: That decides the question which is in your mind?

Mr. HARRIS: I agree that all that is the object back of it; but, you see, if he went to the local board, and in order to prove that he had been farming continuously from the first of May to the first of November he must either have been there himself or he must have left his family on the farm; in other words, either he or his family must have continued there. I think the definition as we have it above there is to be preferred and I think the word "continuously" should be dropped.

Mr. SINNOTT: It is contradictory to the other.

Mr. HARRIS: Of course, if the definition for "farmer" in the previous section is a good definition, then don't do the two.

Right Hon. Mr. GARDINER: We do not think there is any objection to that. Justice put that in.

Mr. HARRIS: That just goes to show you how crazy lawyers can be.

Mr. FAIR: I suggest, Mr. Chairman, that Mr. Harris move an amendment to that line.

Mr. HARRIS: That is what I had in mind. I will do that, if the minister has no real objection to the word coming out; because I do think it is a restriction on the definition of the previous section.

Right Hon. Mr. GARDINER: I am told it would not make any difference in administration. We can take it out.

The CHAIRMAN: Has anybody any objection to the word "continuously" being removed from that section?

Shall the section carry?

Section as amended, carried.

Clause 3:

Mr. BENTLEY: I wonder if the minister will also add Mr. Ross' suggestion in this section; in line 18 after the word "co-operative" insert the word "farm", so that it would read "co-operative farm association".

Mr. JUTRAS: Would this be the place to consider the point I raised about river land?

Right Hon. Mr. GARDINER: I understand that is being looked into; I refer to the definition of "township," with a view to making it cover in a more understandable way the river lots to which you refer. That is the understanding. We will get someone to draft that.

Mr. SINNOTT: That refers to land along the banks of the Red river, for instance; there are so many chains running back so far back from the river.

Right Hon. Mr. GARDINER: They have that in Saskatchewan too.

The CHAIRMAN: Carried.

Clause 4:

Mr. BENTLEY: I will bring that matter of inserting the word "farmer" in that clause 2.

Right Hon. Mr. GARDINER: Yes.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Mr. SINNOTT: With reference to the explanatory note there; we have been talking about crop failure area, I think we have crop failures from other causes as well; for instance, when we have drenching rains such as we have had this spring. How could you describe that as drought crop failure?

Right Hon. Mr. GARDINER: As the Act stands now, crop failure means crop failure within the provisions of section 4, subsection (1) of the Act—"whenever the board find that the average yield of wheat, as a result of anything other than hail, is five bushels per acre or less in each of not less than 171 townships in the province of Saskatchewan, or 19 townships in the province of Alberta, or 64 townships in the province of Manitoba—" the Governor in Council may then declare such provincial area to be a crop failure area. There are few things that would bring that about except drought; unless it be grasshoppers. I do not think you will help it any by saying "drought area". I understand you are not suggesting anything that would be more restrictive.

Mr. SINNOTT: What I want to know is how are you going to consider a year of excessive rain. For instance, back in 1941 and 1942 we had a great area in the Red river valley which was flooded out and we did not realize on our crop at all; but we did not figure that we came under this clause.

Right Hon. Mr. GARDINER: You came under it if they had a whole township. I do not know of any case where they did that.

Mr. JUTRAS: There is one area in the Red river valley which qualified.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Clause 5?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

Mr. WRIGHT: Mr. Chairman, before we adjourn I would like to know when the Wheat Board bill is to appear before the committee?

Right Hon. Mr. GARDINER: I don't know. That is Mr. MacKinnon's affair. You have the committee set up and I presume they will refer that matter to the committee at any time.

Mr. WRIGHT: It was supposed to come before the committee. I think it should be referred before the dying days of the session.

Right Hon. Mr. GARDINER: Now the committee is set up I have no doubt it will be taken care of in due course.

The committee adjourned at 12.55 p.m. *sine die*.



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(SESSION 1947
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

REPORT OF THE CANADIAN WHEAT BOARD
FOR THE CROP YEAR 1945-46

TUESDAY, JULY 1, 1947

WITNESS:

Mr. George McIvor, Chief Commissioner, Canadian Wheat Board

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1947



ORDERS OF REFERENCE

THURSDAY, JUNE 5, 1947.

ORDERED,—That Bill No. 261, An Act to amend the Prairie Farm Assistance Act, 1939, be referred to the said Committee.

FRIDAY, JUNE 20, 1947.

ORDERED,—That the Report of the Canadian Wheat Board for the Crop Year 1945-46 be referred to the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 497.

TUESDAY, JULY 1, 1947.

The Standing Committee on Agriculture and Colonization met at eleven o'clock a.m. The Chairman, Mr. Robert McCubbin, presided.

Members present: Messrs, Argue, Beaudoin, Belzile, Bentley, Bertrand (*Prescott*), Bryce, Burton, Clark, Diefenbaker, Douglas, Drope, Fair, Gagnon, Golding, Gour, Harkness, Hatfield, Jutras, Leger, McCubbin, McGarry, Quelch, Robinson (*Bruce*), Ross (*Souris*), Senn, Townley-Smith, Warren, Webb, Whitman, Wright, Wylie.

In attendance: Mr. George McIvor, Chief Commissioner and Mr. W. C. McNamara, Assistant Chief Commissioner and C. B. Davidson, Executive Assistant of the Canadian Wheat Board; Mr. W. W. McVey, C.A., and Mr. C. E. G. Earl, C.A., representing Millar, Macdonald and Co., Chartered Accountants, Auditors to the Canadian Wheat Board; Dr. C. F. Wilson, Director of the Wheat and Grain Division of the Department of Trade and Commerce.

Hon. J. A. MacKinnon, Minister of Trade and Commerce, was present during the latter part of the meeting.

The Committee considered the Annual Report of the Canadian Wheat Board for the Crop Year 1945-1946.

Mr. George McIvor, Chief Commissioner of the Board, was called. The witness read the Report hereinabove mentioned and was thereafter questioned thereon.

At 1.05 o'clock p.m. the Committee adjourned to meet again at eleven o'clock a.m. to-morrow, Wednesday, July 2, 1947.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 1, 1947.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m.
The Chairman, Mr. R. McCubbin, presided.

The CHAIRMAN: Gentlemen, we are now ready to proceed with our meeting of the standing committee on agriculture this morning. The committee is called, as you know, to consider a reference made to it by the House. I would ask the clerk of the committee to read that reference to you.

The CLERK:

Friday, June 20, 1947.

Ordered:—That the report of the Canadian Wheat Board for the crop year 1945-46, be referred to the said committee.

Attest.

(Sgd) ARTHUR BEAUCHESNE,

Clerk of the House.

Mr. Ross: Mr. Chairman, may I ask a question? When we were discussing the amendment to the Wheat Board Act last year the Minister of Trade and Commerce definitely said that we would be able to go through the report for the crop year 1944-45. You will recall that that is one of the reports that were never before this committee for discussion. I think the same applies to the 1943-44 crop year report. Are we going to have an opportunity of going into the reports for the crop years which have not yet been before the committee while we are considering this specific reference?

Mr. WRIGHT: Yes, Mr. Chairman, there are a couple of these reports which have never been before the committee and there is a lot of information some of us would like to ask about those other reports. While they were brought down in the House they were never referred to the committee.

The CHAIRMAN: What did the minister say in the House? I wasn't there that day. I think that you might ask him if those reports would be available for consideration in the committee. Is that right?

Mr. WRIGHT: Yes.

The CHAIRMAN: What answer did you get?

Mr. WRIGHT: His reply was that he was prepared to have all the reports that had not previously been before the committee submitted to the committee; that would be the 1944-45 report; the 1945-46 report, and I believe also the 1943-44 report.

The CHAIRMAN: Have they not got to be referred to us by the House before we can deal with them?

Mr. WRIGHT: They have already been tabled. They were tabled last year or the year before.

The CHAIRMAN: Yes, I know they were tabled. But were they referred to this committee?

Mr. WRIGHT: So far as I know they were never submitted to this committee.

The CHAIRMAN: I do not know what the difficulty is with the minister. He was very anxious to have the committee called to sit this morning but he has not yet appeared.

Mr. ROSS: Would there be any objection to our asking questions relating to the 1943-44, and the 1944-45 reports? We are very anxious to go into certain aspects of them.

The CHAIRMAN: Do you want to go into a discussion of those?

Mr. McIVOR: I might say that the 1943-44 crop was before the last committee. As to the 1944-45 and the 1945-46 reports, as far as the wheat board is concerned, we are quite prepared to proceed in any way the committee may wish.

Mr. LEGER: Mr. Chairman, I believe our report deals specifically with the report for 1945-46. I do not know that we can go beyond that unless we obtain the permission of the House.

The CHAIRMAN: I understand, from what Mr. Wright says that the minister said he was quite prepared to do that. If he is agreeable, we certainly have no objection from Mr. McIVor to questions being asked.

Now, before we call on Mr. McIVor as a witness, he has a short statement to make. I think we will have that now.

George H. McIVor, Chief Commissioner, The Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, and gentlemen of the committee—

Mr. LEGER: I believe that on page 7 you will see there is a reference here to the 1943-44 and the 1944-45 crop years; that will give us an opportunity of discussing what is contained in the reports to which the other members have just referred.

The CHAIRMAN: We will do that, Mr. Leger. Now I would like to ask Mr. McIVor to make his statement, and then we will get on with his presentation.

The WITNESS: Mr. Chairman, and gentlemen; many of you will remember that Mr. Findlay has been a very important witness before this committee on several occasions. I regret very much to say that Mr. Findlay was taken to the hospital last night at five o'clock and he is very, very ill. The doctor has not yet had time to determine what the difficulty is but it may be a brain haemorrhage or perhaps a tumor of the brain. I talked to the doctor this morning and he said his condition was slightly improved overnight. The doctor remained in the hospital all night and gave Mr. Findlay intravenous treatments. This, of course, has upset us all a great deal. Mrs. Findlay has been sent for and will be here at noon to-day; she is flying down here from Winnipeg.

As you all know, Mr. Findlay has been associated with the wheat board, and previously with the stabilization operations under Mr. John Macfarland. In Mr. Macfarland's time he was treasurer; and he continued as treasurer under the operations of Mr. Macfarland's board. He came to our board in 1937-38 and he became comptroller of the board around the time of the outbreak of the war, in 1939. In the main he has been responsible for the records of the board, and I am sure you all appreciate the tremendous amount of work and the responsibility which he has as comptroller and the strain he has been under over these years. How much that may have contributed to his present condition I do not know. We have the auditors here, Mr. McVey and Mr. Earl, and they are going to undertake to carry on the work for Mr. Findlay. I might say that it has not been easy because they have had to go over all the reports, which they did during the night; but I am quite sure they will do the very best they can in the circumstances.

The CHAIRMAN: As far as I am concerned I think likely, if the committee is agreeable to it, there will be no difficulty about referring back—as Mr. McIvor has no objection—to these other reports which we have not formally before us but which I understand we can get. The minister has not arrived yet, but in view of the statements which have been made I do not anticipate any difficulty in being able to refer to them.

Mr. JUTRAS: Are we going to take up the 1945-46 report? Then, if necessary, we can refer back for particulars which are not available in that report to these other reports as we go along.

The CHAIRMAN: That is what Mr. Ross mentioned. As far as I am concerned, I have no objection whatever if the committee are agreeable to that.

Mr. DIEFENBAKER: I have a number of questions to ask, which I realize cannot be answered immediately, dealing in general with a matter of administration of the wheat board, which after all is the largest individual unit engaged in government work, or one might say the largest government department, or at least the largest spending department that we have. I have a series of questions which I would like to place before you, sir, so that they may be answered. The information may have to be secured from the auditors, or possibly Mr. McIvor will have it, and perhaps it could be made available for our next meeting. Would you object to my giving a list of questions indicating the information I require? That would save me the necessity of asking a lot of questions in the first place. If I just place the questions before you, sir, and through you to the wheat board, we might thereby save a lot of unnecessary questioning, which I am sure we all want to avoid at this stage of the session.

The CHAIRMAN: I have no objection to that, Mr. Diefenbaker. Go ahead and do that at any time.

Mr. DIEFENBAKER: My questions have to do with the general administration of the wheat board and the information I am asking for cannot be secured by an examination of the annual report.

First, the amount of salaries and wages paid during the two years in question to commissioners, officers and office staffs in toto; and the separate office field staffs and the overseas staffs.

Second, the total travelling and entertainment expenses during the two years which we are going to examine—I am not going to go beyond those—in regards to (a) commissioners, individually, (b) to members of the advisory board, individually and (c) to all other officers.

Third, the total number of officers and employees in each of the years 1945 and 1946 compared with the numbers in 1940.

Next, the expenses of operating the following offices of the wheat board to July 31st in each of the two years 1945 and 1946; Winnipeg, Vancouver, Fort William-Port Arthur, Calgary, Toronto, Montreal, Washington, D.C., and London, England.

Fifth, the total fees and legal expenses paid by the board in the two years in question and to whom.

Sixth, the total amount spent in advertising by the board in these two years in (a) newspapers and periodicals, (b) radio advertising and (c) other advertising.

Seventh, also the following particulars for the several offices I have mentioned—Vancouver, Winnipeg, Washington, London and so on—first salaries, then rentals; travelling and entertainment expenses; and advertising expenses—that is by offices. I think that is all.

The CHAIRMAN: Has anyone else anything to say?

Mr. Ross: I have a question which I would like to place before you so that the board may prepare an answer to it. I do not know whether Mr. Diefenbaker asked this or not: the total of employees at present with the board. I had

a question on the order paper asking for a lot of information the other day and most of it was said to be not in the interest of the public to answer, but I think surely you will answer this; that is, the total number of employees—and that includes the executive officers, the advisory committees, and all employees of the wheat board at the present time. I would also like to have a breakdown as to the duties of different people on the board; that is a breakdown by departments showing who are employed in the department and what their duties are. I would like to have that if I can get it, but I would particularly like to have the total.

The CHAIRMAN: Now gentlemen, we have the commissioners here. If you have any questions, go ahead and ask them. I can imagine that there will be some questions they will not be able to answer, but I think they can answer most of them.

Mr. HATFIELD: I would like to know why their statement shows that they have on deposit \$35,000,000 and an overdraft of \$14,000,000. Why should they have money on deposit and at the same time millions of an overdraft?

The CHAIRMAN: Mr. McIvor has just advised me that it has been the custom to read the report. If that arrangement is satisfactory to the committee I will ask him to go ahead and read his report before we have any questions asked in relation to it. Is there any objection to that?

Mr. WRIGHT: None, except that we want to know which report is being considered, whether it is the 1944-45 or the 1945-46.

The CHAIRMAN: He can only deal at the moment with the 1945-46 year.

Mr. WRIGHT: And then we will have an opportunity of referring back to the 1944-45 year?

The CHAIRMAN: That is right.

The WITNESS:

REPORT OF THE CANADIAN WHEAT BOARD

CROP YEAR 1945-1946

To: The Honourable JAMES A. MACKINNON,
Minister of Trade and Commerce,
Ottawa, Canada.

The major task of all wheat exporting countries in 1945-46 was to provide maximum quantities of wheat and flour to assist importing countries through the first full crop year following the end of the war. In that effort Canada played a leading part and for the third successive year provided wheat exports (including flour) in excess of 340 million bushels. Into the effort of 1945-46 went the last of Canada's wartime reserves of wheat and in the latter part of the crop year exports were determined by the volume of wheat which producers made available at country elevators.

The exceedingly urgent demand for breadstuffs during the crop year was, in part, a legacy of six years of war and, in part, due to the small wheat acreage seeded in Europe in 1945 and a virtual crop disaster which struck the Danubian area, Greece, Italy and North Africa. Thus, import demands were expressed not only in terms of the normal requirements of importing countries and of special demands following the war, but also in terms of the effects of a devastating drought in southern Europe and North Africa.

Wheat production in Europe in 1945 was about 600 million bushels below the pre-war average and this was sufficient in itself to create an acute demand for breadstuffs in Europe. To the effects of reduced production must be added the accumulated food problem following six years of war, and the urgent

demands uncovered by the final liberation of Europe and the defeat of Japan. The requirements of India and liberated areas in the Far East were large and urgent.

The full impact of this food position confronted the cereals committee of the Combined Food Board early in the crop year. It was evident that Canada and the United States would have to fill the major part of world import requirements. The severity of the crisis and the threat of mass starvation on a large scale called for a major, co-ordinated effort on the part of Canada and the United States. The effectiveness of this effort is indicated by the fact that in the year ending June 30th, 1946, Canada and the United States together exported about 750 million bushels of wheat (including flour) which constituted the largest wheat exports in any twelve-month period in the history of the North American continent. In addition to these supplies of wheat, both countries supplied quantities of other grains for human consumption.

Canada commenced the new crop year with a favourable position for a large export movement of wheat during the first half of the crop year, due to the carryover of 258 million bushels of wheat on July 31st, 1945. Within this carryover were substantial quantities of wheat in export positions and a "bank" of wheat amounting to over 62 million bushels in country elevators. These stocks were supplemented, of course, by deliveries from the 1945 wheat crop.

Under the circumstances it was logical that Canada should export as much wheat as possible during the first half of the crop year and before the European winter set in. The United States and southern hemisphere countries were in a better position to assume a larger responsibility in the last half of the crop year.

The following table shows exports of Canadian wheat (including flour), by months, for the crop year 1945-46:

August, 1945	41.4
September	32.1
October	43.6
November	36.3
December	26.1
January, 1946	27.1
Total — August-January	206.6
February	25.1
March	28.1
April	23.4
May	23.1
June	21.7
July	12.7
Total — February-July	133.5
Total — August to July	340.1

It will be noted from the foregoing table that in the August-January period Canadian exports of wheat (including flour) amounted to 206.6 million bushels as compared with 133.5 million bushels in the February-July period; 61 per cent of total exports of wheat (including flour) were made in the first half of the crop year and 39 per cent in the last half of the crop year.

DISTRIBUTION OF WHEAT EXPORTS—1945-46

The part which Canada played in supplying wheat under the circumstances which existed in 1945-46 is illustrated in the following table showing exports of wheat (not including flour) during the August-January period and the February-July period, and total exports for the crop year, by countries of destination.

EXPORTS OF CANADIAN WHEAT BY COUNTRIES OF FINAL DESTINATION
CROP YEAR 1945-46

	August to January	February to July	Total
	Bushels	Bushels	Bushels
United Kingdom.....	64,274,105	59,361,401	123,635,506
Eire.....	3,465,138	681,144	4,146,282
Malta.....	1,227,868	882,508	2,110,376
Egypt.....	1,783,291	2,221,914	4,005,205
British South Africa.....	1,073,070	4,080,000	5,153,070
India.....	17,210,810	3,992,774	21,194,584
Iraq-Iran.....	346,028	500,255	846,283
Palestine.....	186,667	541,310	727,977
New Zealand.....	3,186,232		3,186,232
Belgium.....	8,415,006	2,711,032	11,126,038
*Czechoslovakia.....	623,087	943,340	1,566,427
France.....	5,111,878	3,615,833	8,727,711
French Colonies.....	18,895,914	4,518,737	23,414,651
Germany.....	179,973	1,572,899	1,752,872
*Greece.....	5,121,411	590,075	5,711,486
Netherlands.....	14,856,762	170,100	15,026,862
*Italy.....	905,308	2,747,128	3,652,436
Norway.....	2,233,358	1,078,134	3,311,492
*Poland.....	—	1,300,491	1,300,491
Portugal.....	3,339,086	306,409	3,645,495
Switzerland.....	5,479,068	540,235	6,019,393
*Yugoslavia.....	1,561,570	1,447,581	3,009,151
*China.....	1,187,318	942,594	2,129,912
U.S.S.R. (Pacific Area).....	5,613,886	416,941	6,030,827
Colombia.....	896,707	504,152	1,400,859
United States (Consumption and milling in bond).....	9,230,520	3,102,367	12,332,887
Other Countries.....	2,215,784	687,424	2,903,208
TOTAL.....	178,610,845	99,456,868	278,067,713

* Supplied Through UNRRA.

The above table shows:

(a) The heavy concentration of Canadian wheat exports in the first half of the crop year 1945-1946;

(b) The wide distribution of Canadian wheat exports among wheat importing countries during the crop year;

(c) The relatively heavy concentration of wheat exports during the February-July period to the United Kingdom as a result of the priority granted that country.

It is interesting to note that during the August-January period 36 per cent of Canadian wheat exports went to the United Kingdom, while during the February-July period, 61 per cent of the smaller Canadian wheat exports were directed to the United Kingdom. For the crop year as a whole, the United Kingdom took 45 per cent of wheat exports from Canada and 55 per cent went to other countries.

Shipments of wheat for Yugoslavia, Czechoslovakia, Poland, Greece, Italy and China were made available to UNRRA. During the crop year the requirements of France and French Colonies were very large, and the distribution of Canadian wheat exports as between France and her colonies was left to the decision of French authorities. Wheat supplies for Eire, Egypt, Palestine, Iraq, Iran and British South Africa were largely determined in consultation with the United Kingdom authorities.

Mr. SENN: Mr. Chairman, does Mr. McIvor prefer having questions asked as he proceeds, or would he like us to wait until he has finished his presentation?

The WITNESS: Whatever the committee wish, sir. -

The CHAIRMAN: The last time the report was dealt with, I was just reading it, Mr. McIvor read the report in full and then the committee went back over

it and proceeded page by page to ask questions. Is that procedure agreeable to the committee for this year?

Carried.

The WITNESS: All the foregoing exports were programmed through the cereals committee of the then existing Combined Food Board and were related to export programs undertaken by other countries, principally the United States and Australia. In addition to wheat exports, Canada exported 62.0 million bushels of wheat in the form of flour, of which about 28 million bushels went to the United Kingdom and the balance was distributed among a wide range of importing countries. A very substantial volume of Canadian flour was purchased by UNRRA for distribution to countries in receipt of UNRRA assistance.

Effect on Year-End Stocks

The implementation of the foregoing export program in 1945-1946, plus meeting the full requirements of Canadian mills for the production of domestic and export flour, reduced reserve stocks of wheat in Canada to the lowest point since 1937. The carryover on July 31, 1946 was 69.9 million bushels, of which 27.2 million bushels were on farms. Commercial stocks as at July 31, 1946 amounted to 42.7 million bushels. Stocks of wheat in export positions were practically exhausted by the end of the crop year, and a substantial part of remaining commercial stocks was required to meet the requirements of Canadian mills until new crop wheat became available in September. This exhaustion of wheat stocks in all positions in Canada as at July 31, 1946, and especially in wheat stocks in export positions, had an important effect upon the Canadian export position during the first four months of the ensuing crop year.

The year-end position on July 31, 1946, along with the corresponding position on July 31, 1945 is shown in the following table:

	July 31, 1946	July 31, 1945
	Bushels	
On farms.....	27,203,000	28,650,000
Country and private terminal elevators.....	11,200,198	61,625,591
Western mills and mill elevators.....	3,974,865	6,134,868
Interior terminal elevators.....	44,159	10,088,988
Vancouver — New Westminster.....	1,628,845	13,989,221
Victoria and Prince Rupert.....	—	1,673,157
Churchill.....	1,877,737	1,877,737
Fort William — Port Arthur.....	3,035,317	51,343,939
In transit — lakes.....	1,672,784	5,197,322
In transit — rail.....	6,437,303	24,371,296
Eastern elevators.....	9,853,173	30,032,841
Eastern mills.....	2,796,800	3,216,769
Total in Canada.....	69,724,181	238,201,729
Canadian grain in United States.....	134,000	20,192,789
Total Canadian grain in Canada and United States.....	69,858,181	258,394,518

Meeting the World Food Situation

The co-ordinated distribution of exports of wheat from the chief supplying countries went a long way in meeting the most urgent import requirements. During the crop year there was a deficit in world wheat supplies which could not under any circumstances be overcome. The problem was to make the available supplies in all wheat exporting countries go as far as possible in meeting urgent requirements in both Europe and Asia. An element of flexibility was maintained in the movement of supplies from exporting countries and in this way recurring crises were minimized. There is no doubt that a potential disaster of great magnitude was overcome by exporting countries making available every bushel of wheat and substitute grains which could be made available, and by the

co-ordination of exports, particularly on the part of Canada, the United States and Australia. The problem, one of potential hunger and starvation, was reduced to a problem of meagre rations in many countries and malnutrition on a wide scale which was partly relieved with the harvesting of improved grain crops throughout Europe in late June, July and August, 1946. It can be said that Canada, the United States and Australia over-exported wheat during the critical crop year under review. Residual problems were left in all three countries. These problems, however, must be evaluated in terms of the impression which was made upon a severe and far-reaching food crisis.

End of a Cycle

The carryover of wheat having receded to less than pre-war quantities on July 31, 1946, it is useful to describe some of the major points in Canadian wheat policy and the major objectives of board administration during the eight crop years from 1938-39 to 1945-46. In many respects the report of the board for 1945-46 represents the completion of a full cycle in the marketing of Canadian wheat—a cycle which began in 1938-39. The eight crop years from 1938-39 to 1945-46 were eventful; they included the years of the war and the administration of wartime policy in respect to grains. They included years of abundant wheat supplies in Canada; and finally, years when Canadian wheat was one of the main factors in the strategy of the war and one of the most important factors which carried Europe and Asia through the critical year following the end of hostilities. Statistically, these phases are shown below:

Crop Years	Annual Supplies			Annual Disposition		
	Initial Stocks	Annual Production	Total Supplies	Domestic Requirements	Exports	Year-End Stocks
(million bushels)						
Av. 1929-30 to 1938-39.....	135	309	444	110	199	135
(10 PRE-WAR-YEARS):						
1938-39.....	25	360	385	122	160	103
1939-40.....	103	521	624	131	193	300
1940-41.....	300	540	840	129	231	480
1941-42.....	480	315	795	145	226	424
1942-43.....	424	557	981	171	215	595
1943-44.....	595	284	879	179	344	356
1944-45.....	356	417	773	172	343	258
1945-46.....	258	306	564	154	340	70

In these eight crop years the wheat situation in Canada went through two clearly defined phases. The first phase commenced in 1938-1939 and continued to the end of 1942-1943; the second phase commenced in 1943-1944 and continued until the end of 1945-1946. While both phases included many of the same basic policies, there was a great difference in the objectives pursued by the board during these two periods of time.

1938-1939 to 1942-1943

In 1938-1939 wheat production in Canada recovered after the disaster of 1937. The 1938 crop was still below average in size but more wheat was marketed by producers than could be used in Canada or sold abroad under the conditions which then existed. On July 31, 1939, the Canadian carryover of wheat again exceeded 100 million bushels. This was the position at the outbreak of war in 1939. In 1939 a very large wheat crop of 521 million bushels was harvested in Canada and with export markets restricted at that stage of the war, reserve stocks of wheat in Canada increased to 300 million bushels by July 31, 1940. Commencing in 1940-41, the main lines of wartime grain policy in Canada were being established as it became apparent that Canada

would in all likelihood have to carry a large supply of wheat during the early part of a long war.

In 1940 provision was made for the quota system of deliveries whereby available storage space could be equitably distributed among all producers. In 1940 and 1941 substantial temporary additions were made to storage capacity at country points, at the lakehead and to a lesser extent in eastern Canada. Early in 1941 it became apparent that existing provisions were inadequate for the administration of wheat policy in Canada as long as the war remained defensive in character and the outlet for wheat was largely confined to the United Kingdom. In 1941-1942 a new departure was made in Canadian wheat policy with the introduction of power to limit the volume of wheat marketed by producers in any one crop year. This limitation was based upon the establishment of an "authorized acreage" for delivery purposes for each farm unit in western Canada.

The physical problem of handling wheat reached its peak during 1942-1943, when total supplies of wheat amounted to 981 million bushels and the carryover amounted to 595 million bushels, including 190 million bushels held on farms. At this point, after allowing for working space, practically all storage capacity—temporary and permanent—was completely filled and a substantial quantity of Canadian wheat was in store in the United States. Up to the end of 1942-1943 administrative problems confronting the board were primarily concerned with storage of unprecedented quantities of wheat in Canada and the regulating of the delivery of grain from producers in accordance with available storage space. This was the main characteristic of the period under review.

There were other important features in the early war years; in the face of a temporary abundance of wheat, efforts were made by the dominion government to reduce wheat acreage and increase the acreage seeded to feed grains and flaxseed in order to meet urgent wartime demands for livestock and livestock products and vegetable oils. During this period there was a considerable change in the distribution of acreages in western Canada as between the various grain crops, and the marketing and handling of feed grains increased in volume and in importance. To encourage the production of oats and barley, minimum prices for these grains were established effective August 1, 1942.

In the fall of 1941, as part of an over-all program of price control, a domestic price was established for wheat milled and processed for consumption in Canada. Maximum prices were established for other grains. Early in 1943, oats and barley equalization funds were established to provide a means by which higher prices existing in export markets might be reflected to producers marketing these grains to the extent that exports were made.

The board's fixed initial price was reduced from 80 cents per bushel to 70 cents per bushel, effective August 1, 1939, and continued at this level until August 1, 1942, when it was increased to 90 cents per bushel, basis Number One Northern wheat in store Fort William-Port Arthur or Vancouver.

In this period the transportation problem consisted of moving wheat to terminal and export positions to relieve congestion in country elevators in order to increase delivery opportunity for western producers. These were the main developments up to July 31, 1943, a period when vast supplies of wheat were accumulated in Canada against future demands.

1943-1944 to 1945-1946

During the three crop years from 1943-1944 to 1945-1946, the objective of board operations was to move wheat to seaboard as rapidly as possible to meet urgent demand. In 1943-1944 the board felt the first impact of enlarged demands which was to continue steadily until wartime reserves of wheat and current production were to go into consumption in a period of three years. The first large and unexpected demand arose in the United States, and in 1943-1944 over 150 million bushels of wheat and a large volume of oats and barley were shipped

to the United States for feed purposes. In 1943-1944 exports of wheat reached a level of 44 million bushels as compared with an average of slightly over 200 million bushels during the first four years of the war. In 1944-1945 developments in the prosecution of the war resulted in the opening of the Mediterranean area and large quantities of Canadian wheat went to this theatre of war; with the invasion of France came the rapid liberation of Western Europe and again large quantities of Canadian wheat were called for. The end of the war in Europe revealed depleted reserves of foodstuffs. In an effort to do as much as possible for millions of people in Europe and in Asia who were in dire need, Canada made available the last of her wartime reserves of wheat and marketings from the 1945 crop. These were the broad factors involved which resulted in the Canadian carryover at July 31, 1946, being reduced to 70 million bushels and commercial stocks being reduced to 42 million bushels.

Within the framework of these events there were a number of important changes in policy. In September, 1943, the status of The Canadian Wheat Board was changed from that of a voluntary board to that of a monopoly, and the board's fixed initial price was increased to \$1.25 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver. At the same time, the dominion government, through The Canadian Wheat Board, took over all unsold wheat stocks in Canada. These stocks became known as "Crown" wheat and were used for mutual aid purposes and for domestic use. Subsequently further supplies of wheat were purchased by the dominion government for Crown account. Late in 1945-46 the dominion government announced that, effective August 1, 1946, and retroactive to August 1, 1945, the board's fixed initial price would be \$1.35 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver; this price guarantee extending to July 31, 1950. This decision in respect to the board's fixed initial price paralleled the announcement of the signing of a wheat contract between Canada and the United Kingdom.

Effective from August 1, 1943, the dominion government undertook guarantees in respect to the oats and barley equalization funds which were reflected in advance equalization payments to producers at the time of delivery.

In September, 1945, the dominion government placed a temporary limit on export prices for Canadian wheat. This limit (\$1.55 per bushel for Number One Northern in store Fort William/Port Arthur or Vancouver) remained in effect until July 31, 1946. This level was continued in the United Kingdom contract until July 31, 1948 and effective August 1, 1946, export prices to all other countries were allowed to rise to world levels in accordance with government policy as announced by Hon. J. A. MacKinnon, Minister of Trade and Commerce on July 30, 1946.

During the period under review, payments to producers from 1940, 1941, 1942 and 1943 crop accounts were announced, and an additional payment of 10 cents per bushel was provided on 1945-46 deliveries from the 1945 crop account. These payments reflected the upward trend in export prices which commenced in the summer of 1943.

During the latter part of the war and the year following the war, the grain transportation problem was one of moving maximum quantities of grain to seaboard to meet urgent demand.

These were the more important objectives and the more important policies involved in board administration of the wheat situation in Canada for the years 1938-39 to 1945-46. While immense quantities of wheat were involved in these operations, the period ended with wheat stocks in Canada at minimum levels. The board regarded it as important that post-war wheat policy should not have to take into account carryovers of wheat from the wartime period.

SPECIAL MEASURES IN REGARD TO WHEAT, 1945-46

(a) *The British Priority*

Early in 1945-46 the demand situation was such that Canada could dispose of wheat in a volume which would later in the crop year reduce the quantities available to the United Kingdom below her minimum requirements. Since Canada had provided practically all imported wheat for the United Kingdom since the outbreak of war in 1939, it was evident that some special arrangements would have to be made if Canada were to continue this position in 1945-46. As a result, cables and letters were exchanged between the board and the United Kingdom authorities relative to the United Kingdom's wheat requirements for 1945-46 and Canada's ability to meet these requirements in the face of exceptional demand from other countries. The Imported Cereals Division of the Ministry of Food made available to the board all relevant facts in regard to the United Kingdom's wheat position for 1945-46, including monthly requirements and bulk stocks required to permit continuous operation of United Kingdom mills. As a result of this exchange of information and views, the board in November, 1945, agreed to supply the United Kingdom with her minimum home requirements for the period from December 1, 1945 to April 30, 1946. This commitment was in addition to the supplies of wheat made available to the United Kingdom during the August-November period, which not only met United Kingdom requirements during these months, but resulted in a satisfactory stock position in the United Kingdom as at December 1, 1945. This decision on the part of the board was concurred in by the dominion government and became an important feature of Canadian wheat policy during the critical winter of 1945-46.

The arrangement in respect to the United Kingdom was in terms of her minimum home requirements. In these negotiations, the United Kingdom did not suggest more than assurance in regard to her minimum home requirements in view of the food situation confronting other countries.

(b) *Limitation of Export Price of Wheat
Price Guaranteed to Producers*

On September 19, 1945, the dominion government announced that for the time being Canadian wheat was to be offered for export at a price not exceeding \$1.55 per bushel for Number One Northern wheat basis in store Fort William/Port Arthur or Vancouver.

At the same time the dominion government announced that "as a further means of stabilizing wheat prices during the post-war period, it is the intention that steps shall be taken to ensure that producers will not at any time up to July 31, 1950, receive less than \$1.00 per bushel for Number One Manitoba Northern wheat, basis in store Fort William/Port Arthur or Vancouver, on the authorized deliveries for each crop year".

The reasons for these two decisions on the part of the dominion government and the specific instructions to The Canadian Wheat Board in respect to export prices for Canadian wheat are set forth in order in council P.C. 6122, September 19, 1945.

(c) *Cessation of Mutual Aid*

At midnight September 1, 1945, sales of wheat under Mutual Aid ceased in Canada. Mutual Aid funds first became available in 1943 and large quantities of wheat and flour went abroad as a direct charge against these funds. After September 1, 1945, the sale of Canadian wheat and flour became subject to cash settlement or a charge against credit arrangements negotiated by various importing countries with the Canadian Government. Pursuant to this decision, the Board's Crown Wheat Account was closed out as at the close of business on September 1, 1945.

(d) United Kingdom Wheat Contract

On July 25, 1946, the Honourable J. A. MacKinnon, Minister of Trade and Commerce, made the following statement in the House of Commons:

Agreement has been reached between the Government of the United Kingdom and the Government of Canada for the purchase by the former of Canadian wheat over the four years beginning 1st August, 1946.

The Agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year: 1946-47—160 million bushels, 1947-48—160 million bushels, 1948-49—140 million bushels, 1949-50—140 million bushels. The contract provides that in the event of the United Kingdom requiring from Canada any additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of the Agreement. Part of the quantity of wheat specified in the contract will be supplied in the form of flour to the following amounts:—1946-47—500,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1947-48—400,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1948-49—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1947; 1949-50—a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1948. The price which the United Kingdom Government undertake to pay for the wheat supplied is as follows: basis Number One Manitoba Northern, in store Fort William/Port Arthur, Vancouver or Churchill: 1946-47—a fixed price of 1.55 dollars per bushel; 1947-48—a fixed price of 1.55 dollars per bushel; 1948-49—a minimum price of 1.25 dollars per bushel, the actual price to be negotiated by 31st December, 1947; 1949-50—a minimum price of 1 dollar per bushel, the actual price to be negotiated by 31st December, 1948. The contract provides that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements later concluded to which both Governments are parties. Nothing in the Agreement will affect decisions which may be taken on the basis of recommendations of the I.E.F.C. The contract is based upon commercial considerations of mutual interest. It ensures to the United Kingdom substantial quantities of wheat during the expected period of shortage at prices below those which would be payable were there to be a free market at the present time. This is the commercial advantage which the United Kingdom secures. In the later period of the contract Canada receives the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers, are therefore protected from crippling losses should there be a word slump in wheat prices. This is the commercial advantage which Canada secures.

(e) Special Income Tax Arrangement

In March, 1946 the Dominion Government announced an Income Tax Arrangement on wheat marketed between April 1, 1946 and June 30, 1946. The arrangement as set forth in Order in Council P.C. 1243, April 1, 1946, includes the following provisions.

- (1) Producers delivering wheat between April 1, 1946 and June 30, 1946 could market wheat in the usual manner or take advantage of the Special Income Tax Arrangement. In other words, it was an optional plan.

- (2) Producers taking advantage of the Special Income Tax Arrangement could do so only on wheat marketed between April 1, 1946 and June 30, 1946.
 - (3) Producers choosing to take advantage of the Special Income Tax Arrangement and delivering and selling wheat between April 1, 1946 and June 30, 1946 received:
 - (a) A 1945-46 Participation Certificate entitling them to share in any further distribution from the 1945-46 Board Account;
 - (b) An Emergency Wheat Receipt equivalent to the present fixed, initial price of \$1.25 per bushel basis in store Fort William/Port Arthur or Vancouver, less freight and handling costs.
 - (4) The Emergency Wheat Receipt was actually the equivalent of a sale but the cash settlement was deferred. Upon acceptance of the Emergency Wheat Receipt, the producer elected to take payment at any time up to and including December 31, 1948. The date of accepting payment determined the year in which the payment was applied for income tax purposes.
 - (5) In the case of deliveries made on or after April 1, 1946 and up to close of business on June 30, 1946, a producer could elect to take either the total settlement in cash or partly in cash, and the balance under the Emergency Wheat Receipt plan.
 - (6) If at any time prior to December 31, 1948, a producer desires to take settlement for part of the Emergency Wheat Receipts which he holds, The Canadian Wheat Board will, upon request and surrender of the Emergency Wheat Receipts, make payment for the desired amount and issue a new Emergency Wheat Receipt for the balance.
- (f) *Special Conservation and Export Program.*

On March 18, 1946, Rt. Hon. W. L. Mackenzie King announced a special program designed, in part, to reduce the consumption of breadstuffs in Canada and to facilitate the export of wheat and wheat flour to meet an "urgent and desperate" food situation abroad. Of particular importance to the wheat situation in Canada was the announcement of the intention of the Dominion Government to:

- (a) Reduce wheat available for domestic milling by 10 per cent as compared with the corresponding months of 1945;
- (b) Reduce the use of wheat for distilling by 50 per cent as compared with the year previous;
- (c) To encourage reduction in inventories of wheat and wheat products;
- (d) To grant priorities for rail transportation of wheat for export; and
- (e) Provide for the release of increased quantities of oats and Number 4 Northern wheat for export.

The Special Income Tax Arrangement outlined above was part of the program announced by the Prime Minister.

1945-46 GRAIN PROGRAM

During the crop year 1945-46 The Canadian Wheat Board administered a grain and oilseed program which closely paralleled the program in effect in the previous crop year. The main features of the 1945-46 program were as follows:

1. *Wheat*

In accordance with Order in Council P.C. 2550, April 12, 1945, the Board continued to handle all wheat marketed by producers in the Western Division.

The Board's fixed initial price for 1945-46 was \$1.25 per bushel basis Number One Northern wheat in store Fort William-Port Arthur or Vancouver. Under the terms of Order in Council P.C. 3222, July 30, 1946, and additional payment of 10 cents per bushel was authorized on 1945-46 wheat deliveries to the Board.

2. Wheat—Limitation of Marketings

Pursuant to Order in Council P.C. 2550, April 12, 1945, the Board was empowered to restrict marketings of wheat in the Western Division to 14 bushels per authorized acre. As the 1945 wheat crop was small and the demand continued on a high level, it was possible for the Dominion Government to authorize the Board to take all wheat offered by producers during the crop year.

3. Ontario Winter Wheat

As in 1944-45, The Canadian Wheat Board was exempted from carrying out its obligations under Section 14 of the Canadian Wheat Board Act (Order in Council P.C. 4645, July 5, 1945). Under the same Order in Council the Board was charged with the responsibility of maintaining a floor price of \$2.15 per bushel for top grades of Ontario Winter Wheat basis in store Montreal. The Ontario Wheat Equalization Fund was continued in 1945-46 in accordance with Order in Council P.C. 4646, July 5, 1945.

4. Barley—Minimum and Maximum Prices

Under Order in Council P.C. 2550, April 12, 1945, the Board was empowered to buy Winnipeg barley futures or cash barley at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William-Port Arthur; No. 1 Canada Western 2-Row or 6-Row Barley, or No. 2 Canada Western 2-Row or 6-Row—60c per bushel; No. 3 Canada Western—58c per bushel; or No. 1 Feed—56c per bushel.

The maximum price of barley was 64½c per bushel basis in store Fort William-Port Arthur or Vancouver.

5. Oats—Minimum and Maximum Prices

Under Order in Council P.C. 2550, April 12, 1945, the Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered the following minimum prices per bushel basis in store Fort William-Port Arthur: No. 2 Canada Western Oats—45c per bushel; Extra No. 3 Canada Western, No. 3 Canada Western or Extra No. 1 Feed—42c per bushel; or No. 1 Feed—40c per bushel.

The maximum price of oats was 51½c per bushel basis in store Fort William-Port Arthur or Vancouver.

6. Flaxseed—Fixed Prices

For the crop year 1945-46 The Canadian Wheat Board was designated the sole agency to receive commercial flaxseed from producers in Canada. Under Order in Council P.C. 2550, April 12, 1945, the Canadian Wheat Board was empowered to buy flaxseed at \$2.75 per bushel basis No. 1 Canada Western Flaxseed in store Fort William-Port Arthur or Vancouver, and the grade No 1 Canada Eastern Flaxseed in store Montreal. Under the same Order the Board was required to sell flaxseed on the domestic market at \$1.64 per bushel basis No. 1 Canada Western Flaxseed in store Fort William-Port Arthur and No. 1 Canada Eastern Flaxseed in store Montreal. The Board was required to fill domestic requirements before offering flaxseed for export.

7. Sunflower Seed and Rapeseed—Guaranteed Prices

Under Order in Council P.C. 859, February 9, 1945, the Board was empowered to buy sunflower seed and rapeseed from producers on the basis of 5c

per pound and 6c per pound respectively, for top grades f.o.b. shipping points designated by the Board. The Board's power to purchase rapeseed at the established prices was limited to the Western Division. The Order in Council provided that sunflower seed and rapeseed so purchased should be in reasonably clean condition and with a moisture content not exceeding limits to be established by the Board.

8. Drawback on Wheat Products

Under Order in Council P.C. 5768, August 28, 1945, The Canadian Wheat Board was charged with the administration of drawbacks paid in respect to flour and other human foods containing wheat, sold and delivered in Canada between August 1, 1945, and July 31, 1946.

9. Price Ceilings on Whole Grains

The Board continued to act as Western Administrator of ceiling prices on whole grains on behalf of the Wartime Prices and Trade Board.

10. Equalization Funds

Under provisions of Order in Council P.C. 2550, April 12, 1945, the Board continued to administer the Barley Equalization Fund and the Oats Equalization Fund.

Under Order in Council P.C. 2550, April 12, 1945, the Dominion Government guaranteed the Equalization Funds to the extent of 10 cents per bushel on oats and 15 cents per bushel on barley. On September 25, 1945, Order in Council P.C. 6238 was passed amending Western Grain Regulations to provide for an increase in the advance equalization payment on barley to 20 cents per bushel, and prohibiting maltsters from paying a premium on the purchase of barley for malting purposes. This action was taken on account of the shortage of feed grains in Canada and the necessity of prohibiting exports of barley of all types during the crop year 1945-46. The 20 cent Advance Equalization Payment to producers applied on barley marketings from August 1, 1945, to July 31, 1946.

DEVELOPMENT OF THE 1945 CROP

(a) Acreages

Wheat acreage in 1945 showed only a slight increase over the area sown in 1944. Wheat acreage in Canada amounted to 23,414,100 acres as compared with 23,284,200 acres in 1944. In the Prairie Provinces 22,566,000 acres were seeded to wheat as compared with 22,443,800 acres in 1944. Small decreases were shown in the area sown to rye and flaxseed.

(b) Growing Conditions

A cold, late spring delayed seeding. A very high percentage of the western grain crop was seeded after May 15th. Cool, dry weather continued for the greater part of the month of June. During the last week in June the first high temperatures of the growing season were reported and large areas in western Saskatchewan and central and northern Alberta urgently required rain. Deterioration had been severe in many of the drier areas and central and northern Alberta had experienced one of the driest seasons on record. General rains were received early in July but subsequent moisture supplies were not sufficient to change the general pattern of the crop. By the end of July crop conditions remained favourable in Manitoba and the more easterly areas in Saskatchewan, as well as in the foothills and the Peace River area of Alberta. Crop deterioration was severe throughout the greater part of western Saskatchewan, and southeastern, central and northern Alberta. The Canadian wheat crop was estimated at 306 million bushels as compared with 417 million bushels in 1944, and the Prairie wheat crop was estimated at 282 million bushels as compared with 392 million bushels in 1944.

The following table shows grain production in Canada and the Prairie Provinces in 1942, 1943, 1944 and 1945:

	All Canada				Prairie Provinces			
	1942	1943	1944	1945	1942	1943	1944	1945
	(million bushels)				(million bushels)			
Wheat.....	557	284	417	306	529	268	392	282
Oats.....	652	482	500	382	500	392	371	273
Barley.....	259	216	195	158	241	204	178	144
Rye.....	25	7	9	6	23	6	7	4
Flax.....	15	18	10	8	15	18	9	7
TOTAL.....	1,508	1,007	1,131	860	1,308	888	957	710

Total grain and flaxseed production in Canada decreased by about 270 million bushels as compared with 1944. Prairie production of all grains and flaxseed declined by over 240 million bushels as compared with 1944.

(c) Total Supplies

Total supplies of each of the major grain and oilseed crops showed substantial decrease as compared with 1944-45 due, in part, to smaller inward carryovers and, in part, to smaller production in 1945 as compared with 1944. Total supplies of wheat were 209 million bushels lower than in 1944-45. The following table shows total supplies of grain in Canada:

	Wheat		Oats		Barley		Rye		Flaxseed	
	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6	1944-5	1945-6
	(million bushels)									
Carryover July 31st.	356	258	109	98	46	29	6	2	4	3
Production.....	417	306	500	382	195	158	9	6	10	8
TOTAL.....	773	564	609	480	241	187	15	8	14	11

BOARD RECEIPTS, PRICES AND EXPORTS WHEAT

(a) Board Receipts—Western Division

In accordance with Order in Council P.C. 2550, April 12, 1945, all deliveries in 1945-1946 in the Western Division were made to the Board. The following table shows receipts from producers at country and terminal elevators, by months, for the crop year 1945-1946:

	(Bushels)
August, 1945.....	3,589,863-50
September	39,748,569-45
October	65,332,903-05
November	37,170,458-20
December	10,599,689-15
January, 1946.....	25,107,176-45
February	5,163,978-30
March	6,536,636-40
April	8,674,632-55
May	10,077,977-25
June	9,553,202-10
July	13,883,317-10
Total	235,438,405-50

Deliveries of wheat in 1945-1946 reflected the small wheat crop harvested in that year.

(b) *Prices—Western Division*

Under Order in Council P.C. 2550, April 12, 1945, and effective until July 31, 1946, the Board was required to pay producers a fixed initial price of \$1.25 per bushel basis No. 1 Northern in store Fort William-Port Arthur or Vancouver. Order in Council P.C. 5476, August 7, 1945, established Board prices for other grades of wheat. Under Order in Council P.C. 3222, July 30, 1946, an additional payment of 10c per bushel was authorized to producers delivering wheat to the Board in the crop year 1945-1946.

(c) *Prices—Eastern Division*

Under Order in Council P.C. 4645, July 5, 1945, the Board was charged with the responsibility of guaranteeing a minimum price of \$1.25 par bushel for No. 1 Canada Eastern Wheat basis in store Montreal.

As prices for Canada Eastern Winter Wheat remained at ceiling levels throughout 1945-1946, it was not necessary for the Board to take delivery of wheat pursuant to maintaining the floor prices.

(d) *Exports*

Overseas clearances and other exports of Canadian wheat in 1945-1946 amounted to 278 million bushels as compared with 280 million bushels in 1944-1945. Flour exports continued on a very high level and amounted to the equivalent of 62 million bushels of wheat as compared with the equivalent of 63 million bushels in 1944-1945. Total exports of wheat and flour for the crop year 1945-1946 amounted to 340 million bushels as compared with 343 million bushels in 1944-1945.

OATS

(a) *Minimum Prices*

Order in Council P.C. 2550, April 12, 1945, required the Board to maintain minimum prices for oats through purchases of either futures or cash oats. During the crop year 1945-1946 it was not necessary for the Board to purchase oats pursuant to maintaining minimum prices.

(b) *Exports*

During the crop year 1945-1946, 43.9 million bushels of oats (including rolled oats and oatmeal) were exported as compared with 84.9 million bushels in 1944-1945. Oats exports in 1945-1946 went to a wide range of countries, and to a large extent were used for human consumption. Exports to the United States were much smaller than in the two preceding crop years.

(c) *Oats Shipments—Freight Assistance Policy*

During 1945-1946 shipments of oats to Eastern Canada and British Columbia under the Freight Assistance Policy amounted to 52.2 million bushels as compared with 42.7 million bushels in the previous crop year.

BARLEY

(a) *Minimum Prices*

Order in Council P.C. 2550, April 12, 1945, required the Board to maintain minimum prices for barley through purchases of either futures or cash barley. During the crop year 1945-1946 it was not necessary for the Board to purchase barley pursuant to maintaining minimum prices.

(b) Exports

During the crop year 4.4 million bushels of barley were exported as compared with 39.4 million bushels in the previous crop year; the principal market was in the United States. Exports of barley were restricted in 1945-1946 because of the domestic feed situation.

(c) Barley Shipments—Freight Assistance Policy

During the crop year 35.5 million bushels of barley were moved to Eastern Canada or British Columbia under the Freight Assistance Policy as compared with 30.6 million bushels in the preceding crop year.

FLAXSEED

In 1945-46 the Board took delivery of 4,856,203-24 bushels of flaxseed from producers and 17,371-28 bushels were transferred from the 1944 Crop Account, making total receipts of 4,873,574-52 bushels. Sales amounted to 4,595,040-34 bushels, leaving stocks on hand on July 31, 1946 of 278,534-18 bushels. Under Order in Council P.C. 2550, April 12, 1945, the Board was required to purchase flaxseed from producers at \$2.75 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur, and No. 1 C.E. Flaxseed basis in store Montreal. In accordance with the same Order in Council the Board was required to sell flaxseed to domestic processors at the ceiling price of \$1.64 per bushel for No. 1 C.W. Flaxseed basis in store Fort William/Port Arthur and No. 1 C.E. Flaxseed basis in store Montreal. Since the bulk of sales were for domestic account, the 1945 Crop Account showed a deficit of \$2,510,417.07 as at July 31, 1946.

The 1944 Crop Account, with all stocks disposed of, showed a deficit of \$4,098,108.56 as at July 31, 1946. This deficit was due to large domestic sales at the prevailing ceiling price of \$1.64 per bushel.

As provided in Order in Council P.C. 2550, April 12, 1945, net losses to the Board arising from flaxseed operations are chargeable to the Consolidated Revenue Fund.

SUNFLOWER SEED AND RAPESEED

In 1945-46 the Board received \$6,604,242 pounds of rapeseed and 3,179,084 pounds of sunflower seed. As provided by Order in Council P.C. 859, February 3, 1945, and in accordance with instructions of the Oils and Fats Administrator of the Wartime Prices and Trade Board, the Board sold sunflower seed and rapeseed to processors in Canada, f.o.b. their plants on the same price basis as these seeds were purchased from producers f.o.b. shipping points. In disposing of these seeds as directed, the Board absorbed carrying charges, handling and transportation costs, interest and administrative expenses which were in turn chargeable to the Treasury. With all stock disposed of, the deficit in respect to the 1945-46 Rapeseed and Sunflower Seed Account amounted to \$62,898.86 as at July 31, 1946, and the deficit on the 1944-45 Sunflower Seed and Rapeseed Accounts amounted to \$112,850 as at July 31, 1946.

EQUALIZATION FUNDS

Owing to the large utilization of oats and barley for feed purposes in Canada 1945-46, the Oats Equalization Fund and the Barley Equalization Fund recorded deficits as at July 31, 1946. In the case of oats, the Equalization Fees collected amounted to \$11,359,033.51 while Advance Equalization Payments to producers and administrative costs amounted to \$11,512,742.40, leaving a net deficit of \$153,708.89. In respect to barley, Equalization Fees collected amounted to \$983,735.37, while Advance Equalization Payments to producers

and administrative costs totalled \$14,996,755.65. The deficit in the Barley Equalization Fund, namely, \$14,013,020.28 was due to the action taken by the Dominion Government under Order in Council P.C. 6238, September 25, 1945, which provided for an increase in the Advance Equalization Payment on barley to 20 cents per bushel, and prohibition of exports of barley during the crop year 1945-46. This action was taken owing to the urgent need for barley for feeding purposes in Canada. A small amount of barley went for export early in the crop year under export permits outstanding as at July 31, 1945. Equalization Fees were collected on exports of barley malt and other products of barley. The Equalization Fund also benefited from the collection of a 5 cent premium on barley used for malting purposes in Canada, in accordance with Order in Council P.C. 6238.

Ontario Wheat Equalization Fund

Pursuant to Order in Council P.C. 4646, July 5, 1945, the Board levied Equalization Fees on exports of Ontario wheat flour and products of Ontario wheat.

During the crop year 1945-46 Equalization Fees were levied against 157,462 barrels of Ontario wheat flour and a small amount of Ontario wheat which went for export during the crop year. As at July 31, 1946, the Ontario Equalization Fund amounted to \$270,417.67 which amount, less payment costs and plus accumulated interest, will be available for distribution among producers marketing winter wheat in Ontario in 1945-46.

I may say that distribution has been made.

SALES AND PRICE POLICY

During the first half of the crop year the Board moved export wheat into seaboard positions in large volume, and in the latter half of the crop year to the extent that remaining supplies of wheat in Canada would permit. This policy the Board considered sound from a merchandising standpoint in addition to offering the best means by which this country could contribute to the desperate food situation which prevailed in overseas countries throughout the crop year. The extent to which the Board pressed for a prompt movement of export wheat may be illustrated by the fact that exports of wheat (including wheat in the form of flour) amounted to 206.6 million bushels during the first half of the crop year and 133.5 million bushels during the last half. Under the circumstances which prevailed at the time, it was the desire of most importing countries in Europe to secure as much wheat as possible prior to the winter months of 1945-46. During the final quarter of the crop year, exports of Canadian wheat were relatively small and conformed to the supply position which prevailed in this country. Every available bushel was exported and only minimum stocks remained in Canada on July 31, 1946. As in previous years, exports of Canadian wheat were co-ordinated with exports from other countries through the Cereals Committee of the International Emergency Food Council, and/or the Combined Food Board.

By authority of the order in council P.C. 1116, February 20, 1945 and order in council P.C. 4647, July 5, 1945, the Board was required to make wheat available for consumption in Canada at the domestic price of \$1.25 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver.

For the greater part of the crop year 1945-46 the board's export price policy was in terms of order in council P.C. 6122, September 19, 1945, which required that for the time being, Canadian wheat be offered for export at a price not exceeding \$1.55 per bushel for No. 1 Northern basis in store Fort William/Port Arthur or Vancouver.

TRANSPORTATION

The facilities of the emergency grain transportation committee were used throughout the crop year 1945-1946 in co-ordinating transportation in Canada with transportation problems as they developed. Transportation available for the movement of grain, including railways and lake vessels, was adequate throughout the crop year. During the fall months of 1945 it was not only possible to provide exceedingly large stocks of wheat at seaboard but, in addition, over 90 million bushels of wheat were in eastern storage positions at the close of navigation on the great lakes. The westward movement of wheat from Alberta kept well ahead of arriving ocean tonnage until late in the crop year.

In the final quarter of the crop year availability of stocks of grain became a limiting factor and it was not possible to use the volume of transportation which would otherwise have been available. Taking the crop year as a whole, transportation facilities in Canada geared themselves very closely with the domestic and export requirements. Particular reference should be made to the work of the railways in western Canada in reducing country elevator stocks to 11.2 million bushels on July 31, 1946, with a substantial part of these stocks either held for mills or in unshippable quantities.

DELIVERY QUOTAS

As a result of country elevator space available at the start of 1945-46 and the rapid movement of wheat to seaboard, it was possible to increase delivery quotas quickly. The initial wheat quota was established at 5 bushels per authorized acre, but the board immediately increased delivery quotas at local delivery points in accordance with space available. On September 6, 1945, a general wheat delivery quota of 14 bushels per authorized acre was established throughout western Canada. On October 4, 1945, the Honourable J. A. Mackinnon, Minister of Trade and Commerce, announced in the House of Commons that the 14-bushel limitation on marketings was being removed for the crop year 1945-46. On the following day the board announced an "open" delivery quota on wheat at all delivery points in the western division, effective until July 31, 1946.

In order to assist in meeting the demand for feed grains, the board extended the "open" delivery quota on oats and barley in effect on July 31, 1945 to August 31, 1945. On August 30th the Board announced an "open" delivery quota on barley for the balance of 1945-46. At the same time the "open" delivery quota on oats was extended to September 14, 1945. On September 13th the board announced that the initial 1945-46 delivery quota on oats would become effective on September 17th and would be established at 5 bushels per seeded acre. At the same time it was pointed out that some restriction had to be maintained on oats in order to facilitate the rapid movement of wheat to the lakehead and to the west coast during the early part of the marketing year. On December 27, 1945, a 10-bushel delivery quota became effective in respect to oats. On December 31st an "open" delivery quota was established for oats except at a few delivery points where the quota of 15 bushels per seeded acre was maintained for a short period. The delivery quotas in respect to oats were completely open on February 11, 1946.

At the commencement of the crop year the board announced that delivery quotas would not be established for 1945-46 in respect to flax or rye.

PACIFIC COAST

In 1945-46 there was a large movement of western wheat for export via Pacific coast ports. Wheat shipments from Pacific coast ports amounted to 69.5 million bushels as compared with 12.2 million bushels in 1944-45. The

export wheat movement through Pacific coast ports was in line with the movement recorded in the most favourable pre-war years.

The following table shows receipts at and shipments from Pacific coast elevators in 1945-46 with comparative statistics for previous years:

RECEIPTS

—	Wheat	Oats	Barley	Rye	Flaxseed
	(bushels)				
1945-46.....	55,552,120	3,703,540	1,111,603	65,236	1,433
1944-45.....	11,863,854	2,910,017	402,293	65,233	—
1943-44.....	21,159,259	2,328,219	959,785	36,047	248,053

SHIPMENTS

—	Wheat	Oats	Barley	Rye	Flaxseed
	(bushels)				
1945-46.....	69,503,624	4,315,374	1,007,768	89,126	1,991
1944-45.....	12,179,566	2,703,010	387,864	62,870	—
1943-44.....	24,243,051	2,540,337	923,315	37,087	247,193

CHURCHILL

There were no shipments out of Churchill in 1945-46. Stocks in store at this port amounted to 1,877,737 bushels as at July 31, 1946.

LONDON OFFICE

Mr. R. V. Biddulph, European commissioner, continued his liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food. During the year, Mr. Biddulph returned to Canada for consultation with the board and discussions in connection with overseas developments.

WASHINGTON OFFICE

During 1945-46 the cereals committee of the Combined Food Board and later the International Emergency Food Council played an important part in programming the movement of grain and flour from exporting countries to areas of need. As a result, the board's office in Washington, D.C., was active throughout the crop year. During the year Mr. C. C. Boxer was appointed as the board's representative in Washington and as a representative of the Department of Trade and Commerce on the cereals committee.

ADVISORY COMMITTEE

During 1945-46 the advisory committee held five meetings. Members of the advisory committee during 1945-46 were: Messrs. Lew Hutchinson (chairman), Duhamel, Alberta; R. C. Brown, Pilot Mound, Manitoba; D. A. Campbell, Montreal; F. H. Clendenning, Vancouver; P. Farnalls, Halkirk, Alberta; J. Theo Roy, Montreal; J. A. McCowan, Summerberry, Saskatchewan; F. Petty-piece, Auld, Ontario; R. C. Reece, Winnipeg, A. C. Reid, Winnipeg and J. H. Wesson, Regina, Saskatchewan.

In February, 1946, Mr. R. C. Reece resigned from the advisory committee. The board records its appreciation of the services rendered by Mr. Reece from the time of his appointment in August, 1940.

Mr. C. Gordon Smith, formerly Assistant Chief Commissioner of the board, was appointed to the advisory committee in March, 1946.

THE CANADIAN WHEAT BOARD

In February, 1947, Mr. C. E. Huntting resigned as Assistant Chief Commissioner. Mr. W. C. McNamara was appointed Assistant Chief Commissioner to succeed Mr. Huntting and Mr. F. L. M. Arnold was appointed to the vacancy on the board.

Mr. Chairman, that is the end of the first half of the report, the balance deals with the financial position of the board.

The CHAIRMAN: I would like to thank Mr. McIvor for this very comprehensive report which he has just given to us. It shows what large operations the Canadian Wheat Board are carrying on and the importance of cereals not only to Canada but to all the countries of the civilized world to which it is exported.

And now, if it is your pleasure, we will proceed page by page, starting with the first page, if that is the wish of the committee. The matter is entirely in your hands. We will deal with them that way, or in any other way you desire, if you would give us an indication of your preference. Is that satisfactory to the committee?

Carried.

Are there any questions on page one?

Are there any questions on page two?

By Mr. Wright:

Q. I would like to ask Mr. McIvor some questions with regard to the movement of wheat to eastern ports. On page 2 of the report it says that during the August-January period 206.6 million bushels were moved for export, and during the latter part of the year, February-July, 133.5 million bushels were moved for export; just how does the board get wheat moved from the head of the lakes into position at eastern ports? As I understood you to say during the short time that you were before the committee in 1944 you use export firms; you do not move wheat yourselves to the eastern seaboard?—A. No.

Q. Well then, how did the firms which moved that wheat for you to eastern seaports protect themselves?—A. Mr. Wright, they took delivery at the head of the lakes and they make an advance payment to the wheat board and they are trustees for the wheat board of that particular wheat. It is not theirs, they are merely acting as trustees and subject to the direction of the board; and we have a shippers' agreement with them and they deliver the wheat to the ocean steamer under instructions from the board by the various purchasers, such as the United Kingdom, Belgium and the Netherlands; whoever it happens to be.

Q. How does the board allocate its business to the various exporting firms?—A. We do not attempt to allocate it. We give the business to the company that is able to obtain the lake tonnage. We tried to allocate it for a while on the basis of historical background and no one was satisfied so now it is a matter of who has the lake tonnage.

The CHAIRMAN: Is that all on page 2?

Page 3,—any questions?

By Mr. Burton:

Q. Mr. Chairman, on page 3, I have a question or two to ask. The item at the top of the page there, 123,635,506 bushels delivered to the United Kingdom,

does that fulfil our quota to the United Kingdom for that year?—A. Those show the total amount of exports of Canadian wheat and flour to the United Kingdom. That is the amount they took.

Q. I notice there that you kept your deliveries to the United Kingdom pretty well equal during that period of time in spite of the fact that, as you mention in the previous statement, there were 206.6 million bushels exported in the first six months and in another part the exports were much lower, but apparently your supplies to the United Kingdom went forward at a very uniform rate.—A. Yes, although the movement was heavier in the fall of the year when the lakes were open.

Q. There is one other question: in supplying the requirements of France and the French colonies the amount shown is over 30 million bushels; there is only 8,727,711 bushels to France herself and 23,414,651 to the French colonies; did the French government undertake all of that?—A. Yes, that is right.

By Mr. Harkness:

Q. The second last paragraph says:

It is interesting to note that during the August-January period 36 per cent of Canadian wheat exports went to the United Kingdom, while during the February-July period, 61 per cent of the smaller Canadian wheat exports were directed to the United Kingdom. For the crop year as a whole, the United Kingdom took 45 per cent of wheat exports from Canada and 55 per cent went to other countries.

Can you give the average price paid per bushel for the 278 million involved?—A. During this period of time, as I mentioned in the report, the price to all countries was \$1.55 per bushel, including the United Kingdom.

Q. I thought that during part of that period it was changed.—A. No, it could not be during that period; it was extended to the 31st of July.

Q. Was the \$1.55 per bushel the price agreed on for all wheat?—A. Yes.

Q. All of it?—A. Yes.

By Mr. Hatfield:

Q. I would like to know if there was any wheat shipped into the United States during that period?—A. Yes.

Q. The report shows that some of it went there in bond; was there any sold to the United States?—A. Yes; those figures shown for the United States are for wheat for consumption and for milling in bond.

Q. It does not show them separately. Could you tell me how much was sold for consumption and how much for milling in bond?—A. I will get you a breakdown on that. We have it in our figures.

By Mr. Quelch:

Q. I understand that responsibility for deciding to which country wheat could be exported is vested in the wheat board, and that during this period allocation was largely a matter of government policy. Who decides as to how much wheat shall be exported to this country and how much shall be exported to that country? On the top of page 4 it says:

All the foregoing exports were programmed through the cereals committee of the then existing Combined Food Board and were related to export programs undertaken by other countries, principally the United States and Australia. In addition to wheat exports, Canada exported 62 million bushels of wheat in the form of flour, of which about 28 million bushels went to the United Kingdom and the balance was distributed among a wide range of importing countries. A very substantial volume of Canadian flour was purchased by UNRRA for distribution to countries in receipt of UNRRA assistance.

Is it done by them, or do you make recommendations to them?—A. I happen to be the chairman of that committee, Mr. Quelch. The system followed, it is really programming, is this: one of the objects of the committee is to see that there is no duplication in the supplying of wheat or flour; in other words, that in these days of shortages you do not over-supply one country and leave a deficiency in another country. And now, the method that is followed by the United States, ourselves and Australia—the Argentine are not members at the present time although at one time they were—is that each put forward their views as to where their supplies are going. Each country reserves the right to direct its supplies to any particular country, but they do agree that if one particular country is being over-supplied at the expense of another deficient country, that the position be reviewed and if it appears that there is a country with an over-supply steps are taken to see that wheat or flour is not sent to that country but are sent elsewhere. It is a sort of combined effort. The point I would like to make is that this international committee in Washington does not say to Canada, send so much wheat to the United Kingdom or so much wheat to France, or so much wheat to Italy and so on; they say: What are your shipments going to be for the next two months and where are they going; and they ask the United States the same question, and Australia. And then in addition to that although the Argentine are not members—they were up to recently, but they are not members now they withdrew—we do obtain from the Argentine where their supplies are being used, and we know even the total amount of Argentine shipments.

By Mr. Bentley:

Q. Was not the Argentine a member during the period under review?—

A. I think they were through during part of that period.

By Mr. Hatfield:

Q. And was there any head on the sale price during this period?—A. No.

By Mr. Bentley:

Q. And that brings up another question. I think Mr. McIvor said that they do not allot to the Canadian exporters any more, they only deliver wheat to those who have the tonnage; I think that is what you said a while ago?—A. Yes.

Q. Does that apply to the total quantity under review, do you know?—A. Yes.

Q. Was it in effect during the 1945-46 period?—A. I will just check on that. Mr. McNamara points out—I had forgotten—that our wheat stocks were so low at the start of the season that we did allocate, but since wheat came in in volume we changed that.

Q. Then you have just replied to another point in which I am interested; you said that the Combined Food Board did not set any quotas, it simply reviewed the general situation and unofficially asked for a change where in their opinion a change was needed?—A. That is right.

Q. Would that affect exports in any way? Or that would mean that you would just change the destination of a ship, or its movement?—A. That is right.

Q. One or the other?—A. May I point out that this tonnage to which I refer is lake tonnage, not ocean tonnage; just lake tonnage, tonnage on the great lakes. As far as ocean tonnages are concerned, the purchasing countries provide that tonnage.

Q. Well then, in all this 250 million bushels, including that which went to the United Kingdom, I understand there was some class I and some class II wheat; now, what would be the proportion of the respective grades—can you give us that approximately?—A. During the period under review only one class of wheat was shipped, it was all at the same price, so it does not matter whether it was class I or class II.

Q. It was all the same price?—A. Yes.

Q. Just one more question; was any of this sold direct from the wheat board to the government importing agency of any other country, or did it all go through Canadian exporters?—A. It all went through Canadian exporters.

By Mr. Bryce:

Q. When did the class II come into operation? What date did you start?—A. The date of the announcement of the policy which was, I think it is in our report here, August first was the first date of operation; August 1, 1946.

The CHAIRMAN: Are you at page 3?

By Mr. Wright:

Q. Has Mr. Melvor figures indicating what the price was during that period 1945-46, when we were selling at \$1.55? Could he indicate to us what the price was? It could not have been very much above \$1.55?—A. It was above \$1.55, Mr. Wright. We can get that information for you.

Q. I would like to get the world price of wheat and flour, the world price for 1945-46.

Mr. BENTLEY: Would it be possible also to get an extension of that question; how you established world prices? Personally I do not believe there ever was any way of establishing that, but you must have some way of answering that question.

The WITNESS: I would certainly be glad to deal with that. I am prepared to deal with it. I am glad you put it that way.

The CHAIRMAN: Is there anybody else on page 3?

By Mr. Quelch:

Q. Do you always sell to the different countries at the same price? Is there any variation between countries?—A. Not on the same day.

The CHAIRMAN: Are we through with page 3?

Carried.

Questions now are on page 4.

By Mr. Townley-Smith:

Q. On the top of page 4 you refer to the fact that Canada exported not only wheat but also flour; what I want to ask you is this: was there a fixed price for flour, and did that price hold any relationship to the \$1.55 per bushel on wheat?—A. In so far as flour is concerned, the wheat board made the wheat available to the mills at \$1.55, plus carrying charges. The arrangement with regard to the price of flour was made between the mills and the United Kingdom government; while in the case of other countries, the arrangement was between the mills and the other countries. We did fix the price of flour.

By Mr. Burton:

Q. At the bottom of page 4 it shows the abnormal depletion of our stocks this year from a previous year's total of 258,394,518 down to 69,858,181 bushels; and in the middle of the second paragraph on that page you state:

Stocks of wheat in export positions were practically exhausted by the end of the crop year, and a substantial part of remaining commercial stocks was required to meet the requirements of Canadian mills until new crop wheat became available in September. This exhaustion of wheat stocks in all positions in Canada as at July 31, 1946, and especially in wheat stocks in export positions, had an important effect upon the Canadian export position during the first four months of the ensuing crop year.

If I may be allowed to do so, Mr. Chairman, I should like to say that this should be an example to the people of this country who become alarmed as soon as we have a little reserve of foodstuffs in this country. In years gone by very often that was used to the detriment of the producer. And it shows the foolish idea on the part of some people that as soon as we have a reserve of foodstuff they immediately start crying for the removal of the reserve. I would say with the experience we have had that even in that year we were skating on very thin ice. At the time when you only had 69 million bushels of wheat on hand in this country that was very little to have seen us through during a period when anything might have happened to our crop, and I am sure that none of us wanted a curtailment of shipments of wheat to countries that were in need of wheat at that time. I feel that we would have been in a better position had our reserve stocks in the years before been even higher than what they were; but while some may say that that is just a situation that we may get into once in a lifetime, nevertheless it should bring to our attention the need for a policy of an ever-normal granary. And I would like to know if the board has been giving serious thought and consideration to that, and as well to the idea of a plan on the old principle of biblical days of making use of the seven fat years in preparation for the seven lean years; have the board given serious thought to that?—A. That question is a question for parliament, government policy, but I should like to express my own personal views and they are purely my own views. So far as I am concerned I have lived through surpluses and I have lived through these times in the last year or two. I was with Mr. John MacFarlane for five years when we built up what we thought was a terrific surplus of 230,000,000 bushels. There was a great deal to do about it. A special committee of the House was set up to investigate it. I have also seen the stock go over 600,000,000 bushels during the war. We had to get special storage facilities and that sort of thing. There was great difficulty in handling it, I can tell you that. So far as I am concerned, speaking personally. I would a thousand times rather live with surpluses than live through the situation we have to-day. That is my personal opinion and that is my judgment of the situation.

By Mr. Quelch:

Q. Could Mr. McIvor say whether he is optimistic regarding the chance of reaching some formal agreement through the International Wheat Conference? So far, the conferences have all bogged down. Do you think there is any chance of a fair agreement being reached?—A. I have not been in on any discussions. We have been busily engaged with the board and the International Emergency Food Council work. I am not close to it at all so, for that reason, I have not any information and I would rather not discuss it.

MR. WRIGHT: Is Mr. Wilson, who took part in these discussions available in Ottawa for questioning?

HON. MR. MACKINNON: Dr. Wilson is here, but I think I can give you very briefly an answer, Mr. Chairman, to the question which has been raised. We have, and when I say "we" I mean the department and Dr. Wilson who is particularly in charge, we have been very anxiously working with all the other countries in an effort to secure an international wheat agreement. Unfortunately, just at the last meeting in Washington of the Canadian Wheat Council it would appear that any likelihood of effecting any arrangement is off for the immediate present. Efforts will again be taken up in January next looking towards the completion of an agreement and, in the meantime, if anything develops which makes it appear as if we might be able to make progress by a more early resumption of the discussions that could be done.

MR. QUELCH: Could the minister say what he considers to be the main stumbling block towards reaching an agreement at this time? This seems to be

the logical time to reach an agreement while prices are high and while we are willing to make concessions. If we have to make an agreement while prices are very low, then I imagine the possibility of getting a fair agreement is nil. What is the main stumbling block? What nations are responsible for it?

Hon. Mr. MACKINNON: I do not know whether the press is here and I would not like to get into a discussion of this that would be quoted outside.

Mr. WRIGHT: Could we keep it off the record?

The CHAIRMAN: Yes.

(Off the record)

Mr. Ross: Is it not fair to say that the real reason why the International Conference broke down in Britain was the fact that the present United Kingdom-Canadian Wheat Agreement existed at that price. I do not think anybody will argue against that. It is advantageous to Britain which is a big importing nation.

Hon. Mr. MACKINNON: I would say that is not correct.

Mr. Ross: It is a matter of price between Britain on the one hand and the United States on the other. You just said that.

Hon. Mr. MACKINNON: I would not tie it up with the United Kingdom contract.

Mr. Quelch: Is it not equally true to say that Argentina is opposed to reaching an agreement on this thing?

Hon. Mr. MACKINNON: Argentina has never come in except once, I believe. She came in once and then withdrew. Argentina has adopted the policy of selling wheat at very high prices to various countries and using the bulk of the money received for her wheat for other purposes than payments to the producers, as is known.

Mr. JUTRAS: Is it not true to say as well that the situation to-day is exactly the same or the stumbling block is exactly the same to-day as it was when this first meeting was called and there was no wheat agreement at that time?

Hon. Mr. MACKINNON: I think that is a fair statement.

Mr. WRIGHT: With regard to the working of this committee when it dissolved at Washington, what was the situation? Is there still a committee there which intends to call in the various countries later? Is that the position, or just what is the position?

Hon. Mr. MACKINNON: You can correct me if I am wrong, Dr. Wilson, but my understanding is that the last meeting took place very recently, about June 23rd. As I have told you, it was decided to put off further discussion until January next. In the meantime, if anything develops which would make it appear that it might be possible to make more progress than now appears likely, the conference will be reconvened.

By Mr. Warren:

Q. There is a question which has been troubling me a little and I should like to have some information on it before we get too far away from the question of surpluses. Is the percentage of loss over a period of years with wheat in an elevator very large?—A. I think I can say in dealing with the large surpluses—when I was speaking about surpluses I am not suggesting that in peace time we ever try to accumulate the surpluses we had during the war. I think that would be a terrible mistake. In dealing with these very large surpluses the loss was almost negligible. It was really amazing the small amount of wheat that was lost in that period.

Q. I remember reading the reports regarding weavils in the elevators?—A. Yes, that was overcome. There was a slight fractional loss, but it was almost negligible.

By Mr. Harkness:

Q. What is the cost for storage in a year in a large hold-over of wheat?—

A. Storage is an arrangement between the wheat board and the elevator companies. We discuss the situation every year in a combined meeting of the pools, line elevator companies, United Grain Growers and the committee adjusts it at various stages according to the participation earnings of the company. If the quantities they are going to store are going to be small, then there is an adjustment of the storage rate upward. If it looks like a large quantity, the board naturally fights for a lower rate. The rate has varied from one-sixtieth of a cent to one-thirtieth of a cent per day; that is half a cent a month or a cent per month.

By Mr. Wright:

Q. If it were government policy to carry a permanent carry-over of say a billion bushels, if we established a permanent normal granary policy, then I think you will agree the rate would be the lower rate rather than the higher rate?—A. I would hope so, Mr. Wright, but that is a question of bargaining. I do not know whether, on that point, you could set up a figure you would carry in this country. It is a matter that is open for question, as to how you would approach this. For example, you would I think be required in times of great scarcity to put out your wheat, but you would not be so alarmed when you got a surplus of any kind, feeling the other position would arise again in due course. Perhaps I am too steeped in the situation in which we are to-day, but I know I would feel very relieved if we had a surplus now instead of the situation we have to deal with.

By Mr. Ross:

Q. Is not the situation this; an ever normal granary policy is utterly impossible now. We could not begin to establish a normal granary at this time with the starvation and want there is in the world. The thing is out of the question at the present?—A. It is out of all reason, I feel, so far as we are concerned now. We have to go on making a contribution to the peoples and countries in need to get our wheat out.

Q. Under those circumstances?—A. Under those circumstances, but I would not view certainly with the great apprehension that I did at the time I was with Mr. MacFarlane, the piling up of any substantial quantity of wheat. Perhaps being steeped in the operation of trying to hold the market at 50 cents, which we are trying to do in those days, you become naturally alarmed about the quantity of wheat in the country. I do not think I would be as bothered again having gone through this other period.

By Mr. Harkness:

Q. I wonder if Mr. McIvor could tell us what amount of loss was sustained by the wheat board during the war years due to storage charges?—A. We can give you those figures. As a matter of fact, I have a statement here which I should like to give during the time our financial accounts are considered, arising out of a statement made in the House of Commons regarding our general, over all position. We should also like to put forward a statement as to how much we did put out in carrying charges during that period of time. There was no recognition of that. We will give that out as soon as we get to our accounts.

Mr. BURTON: As I indicated before when I opened the discussion along these lines, I am quite sure no other person would want to curtail the shipments to the countries which require wheat. I think that is quite true. As Mr. Ross has suggested it would be ridiculous to try to set up your surplus stock at the present time but I do contend, Mr. Chairman, while we are doing that, while we are making every effort to ship every possible bushel we can to the countries

which are in need, I contend it is also a time when we should be thinking about how to meet the situation when we again arrive at normal times so we will not be in the position we were in other years. As soon as we had 100,000,000 bushels of wheat surplus, some people created a panic.

By Mr. Townley-Smith:

Q. The table at the bottom of page 4 of the report shows the wheat carry-over was 69,000,000 bushels of which 27,000,000 is said to be out on the farm. This seems to be quite a large percentage of it. Who says so? I wonder if Mr. McIvor could give us, briefly, an explanation of how that information is arrived at?—A. That is the information we get from the Dominion Bureau of Statistics as a result of their farm stock survey. I might say, I am sure the members from the west will remember, at that time we were reaching the maximum deliveries of wheat and giving what encouragement we could to get the maximum delivery. That figure, I understand from Mr. Davidson, is the official figure he was given.

MR. BURTON: Could I just add a word to that, Mr. Chairman. You have listed there the different elevators and terminals and so on which supply reports. In connection with your country elevators the operators are required to submit forms. They are usually fairly accurate in estimating the amount of grain in their immediate vicinity which is still in private hands.

The CHAIRMAN: Are you satisfied with page 4?

Carried.

Page 5. Are you satisfied with page 5?

MR. HARKNESS: On page 5 I wonder if, under domestic requirements, we could have in the various years the number of bushels milled for domestic use as flour in each case?

The WITNESS: We can give you those figures if someone will make a note of these questions.

MR. HARKNESS: I thought it would be handy to put that down here beside the list you have.

The WITNESS: Will it be satisfactory if we make a note of these questions now and come back to them so that we will not delay the committee? We have the records here; it is just a question of getting at them.

The CHAIRMAN: Are you satisfied with page 5?

Carried.

Page 6?

Carried.

Page 7?

By Mr. Ross:

Q. I think this is the first item where we go back to 1944. I understand that the board is now in a position to start issuing payments on participation certificates for 1944. I wonder if Mr. McIvor can tell us how much those producers may expect per bushel according to grade on those certificates. I presume your office would have that figure?—A. I will ask our auditor to check me if I am wrong, but I think the total over-all amount is \$65,000,000 or \$66,000,000.

MR. McVEY: At the end of July, 1946, it is \$65,000,000, as you suggested. There will be some interest to be added to that and the estimated cost of the payment taken off, so that I think perhaps it may fall roughly around the same figure shown here which is \$65,000,000.

The WITNESS: I want to make the position clear. Just now the board is in the course of reviewing the spreads on each grade, so I would not want any information I give to be misunderstood because every grade has to be set up in relation to the other grades. What was the total handled through that crop year?

Mr. McVEY: Purchased from the producers, 352.4 millions, roughly.

The WITNESS: I think that is as far as I should go to-day. You can calculate your total amount compared to your bushels but there will be a combination of grades.

Mr. Ross: I realize the difficulty, but could you not say approximately what it might be?

The WITNESS: You and I can figure it out together.

Hon. Mr. MacKINNON: Just roughly.

The WITNESS: I do not know why I should be figuring it out with our auditors here. How much is it?

Mr. McVEY: Very roughly it would be about 18 cents a bushel.

The WITNESS: Is that close enough?

Mr. Ross: Yes, an approximate figure of 18 cents.

By Mr. Wright:

Q. I wish to revert to page 6 dealing with authorized acreage. I have some questions I asked with regard to how the authorized acreage was determined in cases where new land is brought under cultivation, and in cases where the original authorized acreage was quite low. I know that to-day we are not using this, but the chances are that during the course of another year or two years we may be back under authorized acreage again. I should like an explanation from the board as to just how the matter of authorized acreage is determined as between different sections of the provinces in western Canada.—A. I think that during the discussion in the House you asked for the same information, and I advised Mr. MacKinnon we would have Mr. Malahar here who handles authorized acreage. He will be here tomorrow with all the necessary data covering that question. He has been on holidays. He was washing his car and slipped off the roof, so we have really had a lot of difficulties on this job. He will be here to-morrow.

Mr. QUELCH: Did not Mr. MacKinnon answer in the House that for the present time the quota would be based upon the current seeded acreage of wheat?

Hon. Mr. MacKINNON: Yes, that is right.

Mr. BENTLEY: Now that the minister is here I wonder if I could ask a question. Will we be permitted to ask questions on the 1943-44 and the 1944-45 financial statements?

Hon. Mr. MacKINNON: Certainly.

The CHAIRMAN: Is there anything else on page 7?

Mr. BURTON: Mr. Chairman, I presume we are allowed to discuss anything on these pages now that the report is before us. I quite understand that we cannot expect the officials of the Wheat Board to be responsible for policy. Consequently there is a matter I wish to draw to the attention of the minister while he is with us. It is in the third paragraph from the top of page 7. It says:

The board's fixed initial price was reduced from 80 cents per bushel to 70 cents per bushel, effective August 1, 1939, and continued at this level until August 1, 1942, when it was increased to 90 cents per bushel basis No. 1 northern wheat in store Fort William, Port Arthur or Vancouver.

What I wish to draw to the attention not only of the minister but also the rest of the members of the committee who are interested in this work is that you had the farmers of this country operating at a loss in the earlier years of the war, and at a considerable loss. We went along until the year 1943 before the farmers really had an opportunity to get the cost of production in the sale of their commodities.

Hon. Mr. MACKINNON: In this year you are speaking about, if I may interrupt, is it not a fact that Canada at large contributed over \$60,000,0400 to the wheat growers?

Mr. BURTON: Yes. I am glad you made that interruption because very often we hear from people from other parts of the country as to how the farmers are benefiting under certain measures that were undertaken, but they fail to realize that here we were laying up stocks of wheat in this country to the advantage of the country and of the allied nations and that later on we were in a position to alleviate the suffering of humanity in many countries. The farmers were expected to carry that load themselves during that time. Then later on after having had two or three years of the beginning of wartime prosperity the farmers had an opportunity to share to some extent, and then again they were the first ones to get it in neck when we take the prices and compare them with what people in other walks of life are receiving.

As I say, I do not expect the officials of the Wheat Board are responsible for the situation, but I do think that we as Canadians should take a broader view of all these matters, and not rise up immediately just because there has been some money spent in summer fallow bonuses or under the P.F.R.A. They should look at these reports and see that while other people were exporting for all the traffic would bear they were tied down to \$1.55. I just wanted to make use of this opportunity to have the minister and others realize that out of this period of wartime prosperity a farmer only had a couple of years in which he was able to share.

Mr. QUELCH: I wonder if Mr. McIvor or the minister could intimate at this time when the distribution of the 1944 surpluses may be made?

The WITNESS: At the present time we are in the course of writing the barley cheques. The machines are writing the barley cheques. They will be mailed within a few days. Just as soon as the barley cheques get out of the way the requisitions will be asked for from the producers for the 1944 crop. Then the cheques will start to go out. I do not mind saying that the illness of Mr. Findlay, to which I referred earlier, is going to create some problems for us, but I think we will overcome them and get the cheques out according to our original plan.

By Mr. Quelch:

Q. It will likely be some time this year?—A. Yes.

By Mr. Ross:

Q. They might be expected for Christmas this year?—A. I think I may say it will be an early Christmas this year.

Hon. Mr. MACKINNON: May I just say a word or two in that connection? I think possibly some of the members of the committee may say, "Well, why do they not put on some more men to get these cheques out? It is a physical impossibility for the board to do more than they are doing. I do know they are pressing their staff and everything in every way to speed up the getting out of these cheques to the producers.

Some of you know that the building occupied by the Canadian Wheat Board has recently been purchased by the Board. There are other tenants in that building, the principal ones being the Manitoba Wheat Pool and the Saskatchewan Wheat Pool. We have been trying to get them out and into

buildings that they control, but possession of which they cannot obtain. I merely mention that to show you that it is a very live problem with those in charge, and the Canadian Wheat Board can be trusted to do everything possible to get those cheques out as quickly as possible.

The CHAIRMAN: Are you satisfied with page 7?

Carried.

Page 8. Are you satisfied with page 8?

By Mr. Wright:

Q. There is a reference on page 8 to Crown wheat. I have some questions I want to ask with regard to Crown wheat along the lines of former questions I asked. This Crown wheat was taken over in 1943, in September, approximately 300,000,000 bushels, and the account was finally closed out in 1945 or 1946. A. 1946.

Q. The wheat was taken over at \$1.25 a bushel as far as the board was concerned, that is, as far as the farmers were concerned.—A. \$1.23 and $\frac{1}{4}$.

Q. The wheat was supplied to Canadian millers and for mutual aid. Those were the two places where the wheat was disposed of, and from 1943 on the price of wheat was continually above \$1.23 and $\frac{1}{4}$. I should like to get the amounts of sales by the board of Crown wheat, the average monthly sales of Crown wheat by the board during the period that it was selling that wheat, and the average world price of wheat monthly during the same period. The farmers of western Canada took a considerable loss, in my estimation, on this wheat. I think it is going to be very important that we have some estimate of that later on because there will come a time probably when the western wheat producers may in periods of depression be subsidized to some extent in the price of their wheat. If we put a floor price under wheat I know we will hear howls of anguish from all parts of Canada as to why wheat should be subsidized. I think it is important that we should have some estimate of the sacrifice which western Canadian farmers made during this period, and because of which they should be entitled to some consideration later on. That is why I should like to get those figures if it is possible.—A. Have we those figures?

Mr. McVEY: I doubt very much if we have them over the whole period of the Crown operations. So far as we are concerned I doubt if we have them at all because from an audit standpoint we would not be interested in fluctuating world prices.

Mr. WRIGHT: No, but you would have the other figures. We can get the world price from other sources, but you would have the average monthly sales of Crown wheat during that period. That would be all we could expect to get from you.

The WITNESS: I was going to ask if you would have those figures on the monthly sales?

Mr. McVEY: They could be procured, but I doubt if they are here.

The WITNESS: We have no objections to giving that, but as you know we are operating under a terrific handicap this morning.

Mr. WRIGHT: As long as we have it on the record somewhere it will be satisfactory.

The WITNESS: As far as the world price what world price did you have in mind?

Mr. WRIGHT: That was the question which you promised to answer later on, your method of determining world prices.

The WITNESS: The point I am getting at is this. Do you wish the Canadian world price during that period for wheat other than Crown wheat? Is that the basis?

Mr. BENTLEY: I think what you would want would be what you might have sold that wheat for somewhere else during that period.

The WITNESS: That would be the basis on which we sold other wheat during that period.

Mr. WRIGHT: What we want are the average sales, monthly sales, by the board, and the average world price that you sold that wheat for during similar periods.

The WITNESS: We will get that as soon as we can.

Mr. QUELCH: Including the wheat you sold to Great Britain.

Hon. Mr. MACKINNON: Was that question not answered by a question and answer in the House?

Mr. WRIGHT: No, I allowed it to stand until the board was down here.

Mr. ROSS: I think that is quite proper. I should like to support Mr. Wright in that request because it may be very important in the future. You certainly have a record of all sales by months, and even if you happen to be a little short on the other side as to world prices we will be able to check on those.

The WITNESS: We will get all the information we can on it.

By Mr. Burton:

Q. In addition to that surely the board has records of sales made to other countries which will give them an opportunity of determining what that wheat was sold at.—A. We have that.

Mr. ROSS: Exactly on the same basis as it is being done to-day between two classes of wheat.

Mr. QUELCH: It is after 1 o'clock.

Hon. Mr. MACKINNON: I do not see how you can possibly get that information in a matter of a few days.

Mr. WRIGHT: I am not particular whether we have it while the committee is meeting here.

Hon. Mr. MACKINNON: Could we not make a statement to the effect we will secure and give you that information at a later date, some date that is suitable to you? May I apologize for not being here at the opening of the committee? Circumstances prevented me from being here, and circumstances may prevent me from being here at other times, but if there is any question that any one wishes to direct to me and I am not here the answer to it will be available at a later time.

Mr. BURTON: The questions asked by Mr. Diefenbaker and Mr. Ross will be tabled at the next meeting of the committee?

Hon. Mr. MACKINNON: I have been making inquiries of the chairman. I have not yet found out what those questions are. I am told that one of the questions deals with the salaries paid to employees of the board. I have not discussed that matter with my colleagues, but I do not think that is a proper thing to make public. In the city of Winnipeg we have people competing for the employment of individuals. In Winnipeg we have an organization that over the years has been paying pretty high salaries. I think it would be unfair to the Canadian Wheat Board if we had to place on a public record the salaries that we pay to the employees of the board. For that reason I would certainly not like the committee to press for that class of figures. There may be other questions that we would be glad to answer, but I put it to you in a fair way that regarding a question of that nature I think it would be embarrassing to our operations.

Mr. ROSS: May I ask one more question while the minister is here? With regard to Mr. Wright's question about Crown sales that information may not

be available before we conclude the meetings of this committee. Would the minister undertake to put that on *Hansard* at the opening of the next session? If it is going to invoke a lot of argument it may not be possible for us to deal with it now. If the minister will undertake to have that put on *Hansard* at the commencement of the next session I think that will be satisfactory.

Hon. Mr. MacKINNON: Yes, I shall.

Mr. McIVOR: I will undertake that if we can get this information now you will have it; if we cannot get it in time for presentation here we will send it to the minister.

Mr. Ross: Yes, and he can have it put on *Hansard* at the opening of the next session. All that I want to know is that it is authentic.

Mr. McIVOR: We will do that.

The CHAIRMAN: We will meet to-morrow morning at 11.00 o'clock.

The committee adjourned at 1.10 p.m. to meet again to-morrow, July 2, 1947, at 11.00 a.m.

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SECOND SESSION
HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE

AND

COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

Bill No. 185—An Act to Amend the Prairie Farm Assistance Act, 1939

TUESDAY, NOVEMBER 22, 1949

(WITNESS:

Mr. J. G. Matte, Associate Director, Prairie Farm Rehabilitation and Assistance Division, Department of Agriculture, Ottawa, Ontario.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1949



ORDER OF REFERENCE

HOUSE OF COMMONS

Wednesday, 12th October, 1949.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:—*Messrs.* Anderson, Arsenault, Aylesworth, Bater, Bennett, Black (*Chateauguay-Huntingdon-Laprairie*), Blue, Browne (*St. John's West*), Bryce, Catherwood, Cavers, Charlton, Clark, Cloutier, Corry, Côté (*Matapedia-Matane*), Courtemanche, Coyle, Cruickshank, Darroch, Decore, Demers, Diefenbaker, Dumas, Elderkin, Fair, Fontaine, Gauthier (*Lapointe*), George, Gosselin, Gour (*Russell*), Harkness, Hatfield, Herridge, Hetland, Jones, Jutras, Kent, Kickham, Kirk (*Antigonish-Guysborough*), Laing, Lapalme, Leger, Lesage, MacKenzie, McCubbin, McLean (*Huron Perth*), Murray (*Oxford*), Murray (*Cariboo*), Quelch, Richard, (*St. Maurice-Lafleche*), Roberge, Ross (*Souris*), Sinnott, Studer, Thomson, Whitman, Wood, Wright, Wylie—60. (Quorum 20)

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

THURSDAY, 17th November, 1949.

Ordered,—That the following Bill be referred to the said Committee:—

Bill No. 185, An Act to amend The Prairie Farm Assistance Act, 1939.

MONDAY, 21st November, 1949.

Ordered,—That the name of Mr. Argue be substituted for that of Mr. Herridge on the said Committee.

Ordered,—That the said Committee be empowered to sit while the House is sitting.

WEDNESDAY, 23rd November, 1949.

Ordered,—That the said Committee be empowered to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

Attest.

LÉON J. RAYMOND,
Clerk of the House

REPORTS TO THE HOUSE OF COMMONS

WEDNESDAY, November 23, 1949.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FIRST REPORT

Your Committee recommends that it be empowered to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

WEDNESDAY, November 23, 1949.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

Your Committee has considered Bill No. 185, An Act to amend The Prairie Farm Assistance Act, 1939, and has agreed to report it without amendment.

A printed copy of the relevant minutes of proceedings and evidence of the committee is appended.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, November 22, 1949.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock a.m. The Chairman, Mr. A. J. Bater, presided.

Members present: Messrs. Anderson, Argue, Bater, Bennett, Black (*Chateauguay-Huntingdon-Laprairie*), Blue, Browne (*St. John's West*), Bryce, Catherwood, Cavers, Charlton, Clark, Corry, Coyle, Darroch, Diefenbaker, Dumas, Elderkin, Fair, Gauthier (*Lapointe*), George, Gosselin, Harkness, Hatfield, Hetland, Jones, Jutras, Kent, Kirk (*Antigonish-Guysborough*), Laing, Leger, Lesage, MacKenzie, McCubbin, McLean (*Huron-Perth*), Murray (*Oxford*), Richard (*St. Maurice-Lafleche*), Roberge, Sinnott, Studer, Wood, Wright.

In attendance: Mr. J. G. Matte, Associate Director, Prairie Farm Rehabilitation and Assistance Division, Department of Agriculture, Ottawa, Ontario.

The Chairman expressed his appreciation of the honour of having been elected Chairman.

On motion of Mr. George,

Resolved: That the Committee ask leave to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

The Committee considered Bill No. 185, An Act to amend The Prairie Farm Assistance Act, 1939.

Mr. J. G. Matte was called. He made a statement and was questioned thereon.

Clause 1, (Section 7).

Paragraph (a).

Mr. Fair moved that the said paragraph be amended by adding the following: "notwithstanding anything contained in this section, no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township".

And a debate arising thereon, the Chairman ruled the proposed amendment out of order as it imposed a charge upon the Treasury.

Paragraph (a) carried.

Paragraph (b).

Mr. Argue moved that the Committee recommend that Bill 185 be amended by deleting sub-paragraph (b) commencing at line 16 and substituting therefor the following:

(b) Where a section of land lies within an ineligible township and has a side that lies alongside an eligible township or is a section which lies alongside an eligible section or a corner of which touches the corner of an eligible township or an eligible section, such section of land shall be eligible for award as though it were a complete township.

The Chairman ruled that consideration of the proposed motion be deferred until the clause-by-clause consideration of the Bill had been completed.

Paragraph (b) carried.

Paragraph (c).

Mr. Bryce moved that the Bill be amended by deleting from paragraph (c) thereof the words "The Board has determined that an area is eligible for award and", and the words "outside such area".

Debate followed, and, by leave, the proposed amendment was withdrawn.

Paragraph (c) carried.

Clauses 1 and 2 and the Title carried.

Ordered,—That the Bill be reported without amendment.

Mr. Fair moved that the Committee recommended that the Government consider the advisability of amending paragraph (a) of the proposed new section 7 of Clause 1 of Bill No. 185 by adding: "Notwithstanding anything contained in that section, no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township".

And the question being put on the proposed recommendation, it was resolved in the negative on the following division:

Yeas: Argue, Bryce, Charlton, Coyle, Fair, Wright. *Nays*: Bennett, Blue, Corry, Darroch, Dumas, Elderkin, George, Hetland, Jutras, Kent, Laing, Leger, MacKenzie, McCubbin, Murray (*Oxford*), Richard (*St. Maurice-Lafleche*), Roberge, Studer, Wood.

Mr. Argue moved that the Committee recommend that the Government consider the advisability of amending Bill No. 185 by deleting paragraph (b) of the proposed new section 7 of Clause 1, and substituting therefor the following:

(b) Where a section of land lies within an ineligible township and has a side that lies alongside an eligible township or is a section which lies alongside an eligible section or a corner of which touches the corner of an eligible township or an eligible section, such section of land shall be eligible for award as though it were a complete township.

And the question being put on the proposed recommendation, it was resolved in the negative on the following division:

Yeas: Argue, Bryce, Fair, Wright. *Nays*: Bennett, Blue, Corry, Darroch, Dumas, Elderkin, George, Hetland, Jutras, Kent, Laing, Leger, MacKenzie, McCubbin, Murray, (*Oxford*), Richard (*St. Maurice-Lafleche*), Roberge, Studer.

The witness was retired.

On motion of Mr. Fair, the committee adjourned at 1.10 o'clock p.m. to meet again at the call of the Chair.

J. G. DUBROY,

Clerk of the Committee.

EVIDENCE

NOVEMBER 22, 1949.

The CHAIRMAN: Gentlemen, will you kindly come to order. At the outset I want to thank you for the splendid attendance this morning. May I also take advantage of this moment to thank you one and all for the honour you bestowed upon the Province of Saskatchewan and myself personally in electing me as chairman of this committee. I am very conscious of the fact that I am new and green, both as a member of the House and of this committee, but I can assure you that I will endeavour to discharge my responsibilities to the very best of my ability.

(Routine motions followed)

The CHAIRMAN: Now, gentlemen, I think we should take up the order of reference from the House to this committee which is Bill No. 185, an Act to amend The Prairie Farm Assistance Act, 1939. Many of you are acquainted with the P.F.A. Act and know something about it, and some of you are not so well acquainted with it. Some of us who are here from Saskatchewan and the other prairie provinces have had quite a bit to do with it over the last ten years. There have been previous amendments made to this Act since it was brought into force in 1939, and I think one of the major amendments was made in 1947 when the area was reduced very substantially in order to establish a crop failure area in any of the western provinces. I think, in the Province of Saskatchewan, for instance, we have to have an area of 171 townships in order to qualify for a crop failure area, but that was done away with, at least reduced to 47; and even that is done away with now and I think at the present time it is one township; where there is one township in a municipality affected that is sufficient for the benefits of the Act to come into effect.

Now, as you all know, this bill was brought in the other night by the Honourable Mr. Gardiner, and the two main features of it are that the area has been reduced from a full township to a half township, and that the block in certain sections or areas has been reduced from nine sections to six sections. They are the two major changes in this Bill No. 185.

I might say that in July of 1948 the Western Union of Municipalities met Mr. Gardiner in Regina. I should explain possibly that the Western Union of Municipalities is made up of representatives of the different rural municipal associations of Manitoba, Alberta and Saskatchewan; and that there are two representatives from these organizations, or from each organization, which make up what is known as the Committee of the Western Union of Municipalities. We met in July of 1948 in Regina. I had the privilege of being one of the representatives for the Province of Saskatchewan. These particular amendments are two of the amendments that we asked for at that time. This bill does not cover all we asked for, but it has gone a long way in meeting the changes that were asked for by the municipal association. At that time we asked that the area be reduced from a township to a half township, and that the block be reduced from nine sections to six sections. A nine-section block was very difficult to work under. Personally, I think the six-section block will enable the Act to operate with better effect. I do say that these amendments will greatly assist in bringing in more farmers with poor crops and leaving out more farmers with good crops. Personally, I think that is what this bill will do.

Now, the matter is entirely in your hands.

Mr. FAIR: Mr. Chairman, since this legislation was enacted in 1939 it has been found necessary to make several amendments. The minister has been in touch with conditions out there and he has brought in a number of changes since the Act originally went into effect, and the result of them has been to bring the position nearer to what the farmers out there want. In the past we have had quite a number of complaints that an area of one section was too large, and as a result of the recommendations made over the years we have had the eligible area brought down to nine sections out of a township. The amendment which I want to move is as follows: "Notwithstanding anything contained in this section..."—that is section 7(a)—"...no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township."

That is the portion of the Act which says that the area of nine sections with a yield of more than ten bushels shall not be eligible, but if it is found to have a yield which averages less than eight bushels to the acre it can be taken out. In that case it would mean that perhaps six sections would have an average yield of twenty or twenty-four bushels to the acre, but in order to take out these benefits it is only necessary that nine sections be taken out; and in those nine sections there may possibly be two of them which would be eligible for benefit on account of total crop failure. If this clause is passed in the form in which it stands it seems to me that it will be very very unfair. The amendment which I want to add is to section 7(a), which I have read to the committee. That I believe, Mr. Chairman, will remove quite a bit of the discrimination that has been evidenced heretofore in connection with farmers all over the prairie provinces, and I submit that the provision I now propose by way of amendment will be more fair to all farmers concerned.

Mr. WRIGHT: I would like to support the amendment which has just been moved by the member for Battle River. I think the advantage of this amendment will be recognized in that previously there had to be nine sections before this clause came into effect. This amendment reduces that number to six; but still there may be sections within that six-section block where there is a crop failure—that is areas having less than eight bushels to the acre—and this amendment would afford to the farmers living in that area all the benefits of the Act, whereas that would not be possible under the clause as it stands in the bill now before us. I think that this amendment really strengthens the Act and makes it more applicable and makes it a better Act as far as the farmers are concerned in the areas where these sections are being taken out under the Act.

Mr. ARGUE: Mr. Chairman, I think this amendment is very important. It would not change the Act to any appreciable extent whatever. The latest report I have been able to get on this matter from the Bureau of Statistics is that of December, 1948, and that report shows that there were awards made in 2,644 townships, and in that figure there were only 17 part townships excluded from the Act; just 17 part townships excluded during that year. If you take those 17 townships, or nine sections of each one in which there were two or three farmers who had crop failures, they would be deprived of the benefit of this legislation. If there were two or three farmers in each part township you would be taking out some 35 or 40 farmers who had crop failures. So I believe that while the amendment is an important one it will not affect the Act to any great extent; at least it will not change it to any appreciable extent; it would just mean that if a farmer has a crop failure he will be included and will be entitled to get the benefit under the Act.

The CHAIRMAN: Does anyone desire to speak to this amendment?

Mr. LEGER: Mr. Chairman, I wonder if I might ask Mr. Fair to explain what a section in a township is?

Mr. FAIR: A section is 640 acres.

Mr. LEGER: Then how would you explain one section in a township being a crop failure while the others are not?

Mr. FAIR: Those of us who are from the west will appreciate just what that means. For instance, let us take last year; let us assume that there was a man on one side of the road who had a crop of twenty bushels to the acre while his neighbour, a farmer on the other side of the road, averaged only four or five bushels to the acre on his farm—probably because of late seeding, storm damage or something of the kind—this Act would, of course, not apply to the farmer who got his crop of twenty bushels to the acre, but under the amendment which I have now proposed it would enable the man who had a crop of only four or five bushels to the acre to get the benefits of this Act.

Mr. JUTRAS: As a matter of information, would Mr. Fair tell us to what section his amendment applies?

Mr. FAIR: It applies to section 7(a). My amendment reads: "Notwithstanding anything contained in this section (that is section 7(a)), no section of land having an average of less than eight bushels to the acre shall be denied the bonus in an eligible township."

Mr. JUTRAS: You move that in place of section 7(a)?

Mr. FAIR: No, it is added to section 7(a).

The CHAIRMAN: Your amendment practically takes out all of that.

Mr. FAIR: No, it leaves it all in. The bulk of the lands concerned are areas where a rectangular block of sections of land within an eligible township have an area of not less than one-sixth of the township—and an average yield of more than ten bushels of wheat to the acre; and it provides that a side lies along the boundary of an ineligible area as determined by the board; it says, such part of sections of land shall be ineligible for award. Now, my amendment reads: "Notwithstanding anything contained in this section, no section of land having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township."

Mr. LESAGE: Where would that come in?

Mr. FAIR: That follows what you have before you in section 7(a).

Mr. LESAGE: That replaces all the section?

Mr. FAIR: No, I am leaving the section as it is, all I want to do is to add this proposed amendment.

The CHAIRMAN: Regardless of the yield?

Mr. FAIR: No, it would have to have below the average yield, below the eight bushels per acre indicated in this bill. As I said before, the main area would be six sections. In that area you might have four sections having a high average yield of let us say twenty-five bushels to the acre and in that same section because of the way in which the land is situated, or for one reason or another, you would have two sections with a yield of only four or five bushels to the acre. I would like such sections to be able to have the benefits of this Act.

Mr. HARKNESS: Well, Mr. Chairman, I take it that the effect of this amendment would be to cut the area which would be eligible down to section blocks. Wouldn't that be the effect of it?

The CHAIRMAN: That is right.

Mr. FAIR: If you had six sections having an average of ten bushels to the acre or over, they would not be eligible; and in the same way, with the Act as it now stands, if there were two or three sections within that block which had a crop failure—that is a crop of four or five bushels to the acre—they would not be eligible. What my amendment seeks to do is to extend to such farmers the benefits of this Act.

Mr. HARKNESS: In other words, you want to get it down to a section basis.

Mr. FAIR: No, not at all.

Mr. JUTRAS: In other words, you are coming back to the same argument every time this question is being discussed; and that is the argument that we should get back to an individual township basis.

Mr. HARKNESS: No, a section basis.

Mr. JUTRAS: Pardon me; yes, on to a section basis. Now, we have gone over those arguments year after year, as a great many of the members sitting around this table will recall. It is just a repetition of the old arguments. That is what the amendment means. In speaking to the amendment I think it was Mr. Argue who said that it did not affect the substance of section (a). That may be so, but it opens up the fundamental and basic question of what the P.F.A. is and what it shall take in. We are asked by this amendment to say that the basis of qualification shall be changed from that of a township to a section. If we are to consider the individual section as a qualification basis, well then we will have to consider the other angle too which goes with it, and that is the question of the award. It has been demonstrated in the past quite clearly, I think, that if we are to go on an individual section basis it becomes to all intents and purposes, and in fact, a group insurance scheme, and regional rates would have to be set in regions where farmers are to qualify. The effect of that would be an increase in the number of regions, the number of sections, which could qualify, and it seems to me only reasonable that if that is going to be done that the awards should be based on a little higher level than they are at the present time. As it is now there are quite a number of regions where they have never qualified so far; particularly on the basis of the Act as it stood prior to 1947. Now, referring to my own province of Manitoba, we have fared very poorly under the P.F.A. Act, possibly with the slight exception of a small area in the south-west corner of the province. In all other parts the Act has not proved to be to us what it has been in either Saskatchewan or Alberta. There is no question of doubt that it has been of great benefit to Saskatchewan, and also of great benefit to Alberta—

Mr. HARKNESS: To the south-eastern part only.

Mr. JUTRAS: Well, generally speaking. I was just glancing at the figures for 1946 and 1947. It has proved to be of 372 per cent benefit for Saskatchewan in 1947, and 225 per cent benefit for Alberta in 1947, as compared to 42 per cent in Manitoba; and, of course, the picture has been the same pretty well all through ever since the inception of the Act in 1937. Well then, as I say, this amendment which appears to be rather innocent in its phraseology raises the whole question again of the basis of the Act, because in the final analysis the township has been reduced now to six sections—from nine sections down to six sections—as the block that can be taken out to allow a township to qualify. This amendment proposes to reduce that area even further. It is really a question now as to whether the government would be prepared to go that far. In the past they have argued that they could not go down to the individual basis without invading the field of provincial rights. You see, it becomes a crop insurance scheme, and it is a provincial responsibility to apply such a scheme; and to deal with it properly you would have to have a channel of communication between the province and the federal cabinet. I think at the very least we should have some information as to the effect of this amendment.

Mr. WRIGHT: Mr. Chairman, I think the honourable member is trying to read more into this amendment than is actually there. I do not think it changes the basis of the Act or that it makes it an insurance scheme, because you still have to have a crop failure area to start with—unless you have your crop failure

area—and on that basis there would not be that danger. This is simply an amendment to prevent the elimination of one or two sections of land in the area which may be affected but may not themselves be directly eligible. What it seems to do is to see that where there is a crop failure in the area the benefits of this Act will be available. The clause of the amending Act which is now before the committee describes a full area, crop failure area. It says in the first place that it must be a township; and then, on that basis, you either have or have not a crop failure area, based on the yield in the township; and this amendment would be a benefit to people in such areas if they have a section of land in that area where the average yield is less than four or five bushels per acre. But you still have to have a township, as provided for by the Act, before such a benefit can be considered.

MR. HETLAND: Mr. Chairman I do not think we should change it very much; as a matter of fact, I do not think we should change it at all. This is a thing that we have been asking for over the years, and now that we have it here in the form in which it is before us, I think we should accept it.

MR. BROWNE: It is that or nothing.

MR. HETLAND: Yes. We do not want to have it considered on an individual basis. Some people in the area may have a crop of twenty bushels to the acre, yet there may be sections right alongside which for all practical purposes have a crop failure. As a matter of fact, you might have forty bushels to the acre on four sections and you might only have eight bushels or less to the acre on some of the others; but where you do have a forty-bushel crop on four sections you could not have an average for the half section which would bring it below eight bushels to the acre.

MR. FAIR: Oh yes, you could.

MR. HETLAND: But that is not my argument. My argument is this, that we do not want to spoil things. After all, the cost of this is being borne by the people of Canada as a whole. We have to have the co-operation of the whole of Canada; and in the whole of Canada we are the only ones who get any benefit. I think we have a good thing here and I don't think we should lose it. If we have a few sections that have a poor crop there are inspectors going around and they would no doubt report it; but I do not think we would be justified in expecting them when they are going around to pick out every individual farm where they have a poor crop, a crop failure. I think we should keep it the way it is, the way that is proposed in the clause now before us. I think the matter should be left entirely the way it is, because this thing has been worked out. After all, a section is not a very big area.

MR. LEGER: Mr. Chairman, as a matter of information, how much land is there in a section?

THE CHAIRMAN: A section is 640 acres.

MR. LEGER: And the majority of farmers have one section or more?

MR. HETLAND: That is right. I do not think we should spoil this. I think it is good the way it is. I do not think we need to have inspectors going all over the country.

MR. LEGER: Can you tell us how many farmers have a section of land or more?

MR. HETLAND: I do not want to argue that at the moment; but I will say this, that three-quarters of a section make a fair farm.

MR. LEGER: Do most farmers have more than one section?

MR. HETLAND: Yes, I would say that they have more than one section. However, that is not the argument; it is this, that these inspectors are not going

to try to find a section or a part of a section. I do not think they could do that. I think we should accept this. That is my opinion.

Mr. WRIGHT: Just to reply to the honourable member for Humboldt (Mr. Hetland), that it would require a lot more inspectors; I do not believe that it would require any more inspectors than we have at the present time, as far as I have been able to determine. They have to make individual assessments at the present time of each section. What is required is not an increase in staff there, because we do have all the machinery we need for inspection; you have to have it for every township anyway. Therefore that argument does not stand up. I just wanted to get that point across to the committee; it would not mean any more inspectors than we have at the present time.

The CHAIRMAN: I think I will ask Mr. Matte, of the department, to explain to the committee how this works out.

G. J. Matte, Associate Director, P.F.R.A., called:

Mr. DIEFENBAKER: Mr. Chairman, would you have that amendment read again before Mr. Matte explains it, because we have not got a copy of it.

The CHAIRMAN: The amendment to Section 7(a) reads:

Notwithstanding anything contained in this section, no section of land having an average of less than eight bushels to the acre shall be denied the bonus in an eligible township."

That is the amendment and I shall now ask Mr. Matte to say a few words about it.

The WITNESS: Mr. Chairman and gentlemen, possibly I should explain our experience with the Board of Review in studying cases where this would apply. It might be of assistance to you. In the last Board of Review we went through nearly three hundred townships and found only three cases where we took out of payment a block of six sections. And we also studied the effects of this amendment in our discussions at the Board of Review, and we found that in those three cases, those three blocks of sections we took out, there was only one farmer with a yield of less than eight bushels, and his yield was, I think, seven bushels. When the amendment was first proposed, instead of more than ten bushels per acre, it was proposed to have in there eight. We believe that if we leave it at eight, you will be taking out of payment somebody who has got five or six; whereas, if you make it more than eight, you will be taking out of payment people who have less than seven bushels per acre. So there would be very, very few go out of payment on this basis of reducing it from nine to six sections—people having less than eight bushels per acre.

By Mr. Diefenbaker:

Q. Can you give us a concrete example? It is difficult to follow it unless you take a concrete example of a township.—A. Yes. First of all, you have a township with an average yield of let us say between zero and four bushels, in the whole township. In studying the yield in each point, first of all, there are six sections or more where the yield may be more than ten bushels. If either group of farmers is in a rectangular area, we take them out of payment; but we use the ten bushels rather than the eight bushels in this case, because it will not take those fellows out of payment who have only six or seven. Do not forget that their blocks are pretty small. Before, it was nine, now it is six. There have been very, very few who would come out of payment who have less than eight bushels on this basis.

By Mr. Argue:

Q. Is that an example based on fourteen bushels per acre?—A. No; it is based on ten bushels; and if you added this amendment, you would have to change from ten, under 7(a), to eight. There would be no use in having it ten, because anybody with eight would be receiving payments. or anybody with less than eight.

By Mr. Fair:

Q. Even with a six section block?—A. Yes.

By Mr. Argue:

Q. The amendment would still allow a farmer with a nine bushel crop within a six section block to get the bonus. Surely that would not change the Act very much. You have all the information needed. The survey is all done; and it is just a matter of looking within those few blocks to see if there would be the odd farmer with less than eight bushels.—A. In our experience we find there is just the odd farmer, and he would hardly have less than six or seven.

By Mr. Leger:

Q. With this amendment as proposed, would it increase the rate of expenditure by the government?—A. Oh yes, it would.

By Mr. Browne:

Q. I come from a section where this Act does not apply. So might I trespass on the time of the committee by asking if this gentleman from the department could explain simply what it all means, because I am afraid there are a lot of us here who do not understand it. There are several here from Newfoundland. I have a little sketch here. Is that something like it?—A. Six by six.

Q. Thirty-six square miles?—A. Here is your township, six by six. The average of the township is less than eight bushels per acre. If you can find a block of six sections or, let us say, three by two or one by six, where the average yield is more than ten bushels per acre in the whole block, then you take that out of payment. Everybody else gets paid.

Q. What it really means is; for the wheat which is growing in only one large rectangle in that township.—A. That is it.

Q. And the rest, therefore, cannot have got much wheat, and therefore they are entitled to compensation.—A. That is right.

Q. What is the effect of this amendment?—A. That is: if any one of the farmers who were taken out of payment has less than eight bushels, he would receive payment just as anyone else.

Q. What would be the difference between a man, for example, with a section in that rectangle, and a man who is two sections away from it, but with the same yield? Do you say that one man would get compensation while the other man would not?—A. That is right.

Mr. CHARLTON: In this first section 7, it reads: “. . . one-sixth of the township and side that lies along the boundary of an ineligible area. . .”

The CHAIRMAN: That is (b).

Mr. CHARLTON: No, it is section 7 (a).

By Mr. Charlton:

Q. Supposing you were going to take an area of six sections out as not being eligible. Then that sixth section area would have to border upon an ineligible

area. That means if those six sections were in the center of the township, and vice versa, as in sub-section (c), if those six sections were not in the centre of a township, they could not be added?—A. Sub-section (b) you mean.

Q. Sub-section (b); no, that is right.—A. It has two borders. It has to be contiguous to an area; and under (a) it has got to be contiguous to an ineligible area. It has got to be on the edge of a township.

Q. So the chap who is on the edge of a township is just out of luck?—A. No.

Q. If he is not in an eligible township, then he cannot?—A. That is right. If it is an eligible township, that is right.

Q. On a total crop failure, he could not get payment?—A. That is right.

Mr. GEORGE: It seems to me that the effect of this amendment would be to put it on an individual basis. Those of you who are from the Maritimes will know that in the Bay of Fundy we run into this same problem, and that part of the Prairie Farm Assistance Act has been made applicable to certain areas in the Maritimes. The only difference is that there we are trying to get rid of water instead of getting water. But we are not allowed to work on an individual basis. So it seems to me that if we are going to pass this and allow individual claims, we ought to have the right to do the same thing in the Maritimes. But I do not think it would work in the east.

Mr. LAING: This would be a matter for the provincial governments.

Mr. FAIR: A few minutes ago, Mr. Hetland said that this is a contribution by the people of Canada as a whole. I do not believe that is correct, because farmers contribute one per cent of all grain checks received for the grain they sell. While some farmers may contribute for ten years—I know in my own case I have contributed for eight years and been paid once—let us say \$300 every two years, the remainder is made up by the country as a whole.

Mr. LAING: The intent of the Act is to provide compensation for the results of agriculture. I have an idea that the opening up of it this way is probably going to extend compensation to some who might be guilty of the misuse of land. I believe there is that tendency. I think we should get away from the usual basis of an act of God in declining rain to one area and get to a basis where a man should not be slovenly, should he wish to be.

Mr. FAIR: I would not practice improper farming methods just for the sake of getting a payment of \$1.50 per acre.

Mr. DIEFENBAKER: First, Mr. Chairman, may I, as one among a number of members from Saskatchewan but the only member of my party, congratulate you, sir, on your being chosen as chairman of this very important committee. I am very happy at this point to extend to you my warmest and most sincere congratulations. And now, sir, having done that, I would like to say that I speak for a constituency which has, over the years—and Mr. Matte will agree with me—suffered in certain parts continuing drought. Payments under the Prairie Farm Assistance Act have meant a great deal to us in that constituency. I believe this is a matter that one can deal with without any feeling of partisanship. And it is in that spirit that I shall ask Mr. Matte a number of questions.

By Mr. Diefenbaker:

Q. I would like to know whether this amendment, insofar as 7-a is concerned, that is, the bill, represents the general consensus of opinion among the rural municipalities in Saskatchewan that have been particularly affected by the anomalies which have arisen in recent years in that part of the townships which have had a fair crop, and in other parts which have had no crop, yet where, because of the averaging-up, no payments have been made? May I mention, Mr. Matte, two areas which I know. I would like to know how this would operate in their case. For example, along the Qu'Appelle valley, on the north side of the Qu'Appelle valley between Elbow and Lumsden, there has been

little or no crop. Nevertheless, in the township which runs across the valley, on the other side of the valley, there has always, over the years, been a good crop. Would this section 7-a pretty well cover the complaints in those three or four municipalities along the Qu'Appelle valley? Mr. Matte will realize that there have been quite strong complaints raised. The people have not been able to leave and they have had to remain there over the years and have never been able to get any payments.

I would like also to know whether Mr. Matte has a summary of the points raised by the rural municipalities as to the amendment in connection with qualification clauses. I am not going to deal with them now, but I have communicated with all the rural municipalities in my constituency and secured from them their suggestions. I would say, so far as 7-a is concerned, generally speaking, as I look over them: they ask for a reduction in the eligible townships from nine sections to six sections, which actually is being done. They have also asked for an increase in the amount per acre. I feel sure that Mr. Matte will have received a number of requests in that direction. And there is one further representation which they have made which I would like to place before you. The final one is that there should be producer representation on the Board of Review.

What I have placed before you represents the consensus of opinion among the municipalities which are peculiarly affected by this legislation. I am not clear as to Mr. Fair's amendment and I do not want to be misunderstood in what I shall say; but I wonder whether or not that amendment can be passed by this committee. I would like to hear more about it in that connection. I would support it if it were within our power, but I do not want to support an amendment that, under the rules, is one that we cannot properly recommend. I am not raising that as a point, but I am saying that it may be a popular thing to take the stand of supporting it, and I know it would be, but I do not believe in taking a stand on matters which I, personally, realize that we have not the power to deal with. However, if we do have that power, I shall support it; but I am not, just for the sake of a vote, going to support a sub-amendment which is not within our powers. So I would like clarification in that regard.

Then there is just one other matter I would like to bring to the attention of Mr. Matte. I am sure it applies to all the members in the areas affected. It arises under this section. I would like to know how many complaints have been made regarding 1949 awards under the Prairie Farm Assistance Act and also in how many areas in 1949 reinspection has taken place; and I would also like to know whether or not in the case of reinspection consideration should not be given to allowing the municipalities within the areas which are affected to be consulted and to be made aware of the fact that reinspection is taking place.

I know of one place where considerable objection was raised because the municipality was not made aware of the reinspection. Now, I think I have covered the various matters upon which I wanted to secure enlightenment; so I thank you, Mr. Chairman.

The CHAIRMAN: Before calling upon Mr. Matte, I would like to read the following.

Mr. ARGUE: I suppose this is on a point of order.

The CHAIRMAN: Yes. The suggestion was made by Mr. Diefenbaker that we might not have the power to do certain things. I would like to read into the records paragraph No. 674 from Beauchesne's parliamentary rules and forms, third edition 1943. The paragraph reads as follows:—

No. 674. The Committee cannot agree to any clauses involving payments out of the public funds, or imposing any tax or charge upon the people unless such clauses have been previously considered by resolutions in Committee of the Whole.

Mr. WRIGHT: Mr. Chairman, I would like to say on a point of order that this committee, of course, just recommends changes or amendments to the House with respect to the bill. I think we have a precedent to the amendment which was moved by the member for Battle River in the fact that last year in the Veterans Affairs Committee—I think quite a few members here will remember that committee—last year there was a motion by Mr. Herridge to increase the pensions and it was accepted by the committee and voted on and recommended to the House. That point was similar to the points we are proposing, and it was accepted by the government.

I think this committee has the same power as the Veterans Affairs committee last year to recommend to the government. I think that is all we can do. We cannot do more than recommend a change. The purpose for the bill being sent to this committee is, mainly, to have recommendations made. But whether or not those recommendations be followed or accepted by the government is entirely up to the government itself. They would have to deal with the recommendations from this committee.

Mr. DIEFENBAKER: If a recommendation could be made, I would support it.

The CHAIRMAN: A recommendation could possibly be made as a separate clause after we have dealt with this bill. But I think this amendment would be out of order. I think the amendment along the lines of Mr. Wright's suggestion, should we wish to recommend certain things, might be in order after we have dealt with this bill.

Mr. JUTRAS: I think that was the procedure followed last year in the Veterans Affairs committee with a recommendation which involved the expenditure of money. If I recall rightly, it was not part of the recommendation or the report of the committee. There were other recommendations which came from the committee apart from and outside of the official report of the committee. I think according to the rules Mr. Diefenbaker is correct. The practice has always been that the committee as such does not deal with anything which involves the expenditure of money. But a precedent or an exception was made in the case of the Veterans Affairs committee and it was agreed that once the report was considered then certain recommendations were offered by the committee as an addendum to the report. I think that was the procedure followed.

Mr. DIEFENBAKER: That is the reason I brought it up. I want to support the amendment and the recommendation as suggested by the member from Melfort. I think it does meet the situation and that it ought to be brought to the attention of the House. And even if there are only three cases which Mr. Matte can refer to, nevertheless if this principle were in effect, there would be, I think, a great many more cases then brought to his attention than there were when the law was not in effect.

Mr. CLARK: First of all, Mr. Chairman, I would like to congratulate you on being elected as chairman of this Committee. I had the pleasure of nominating you. I come from eastern Canada and I carry a lot of good wishes to you in your new position.

I think the member for Humboldt has brought up a point in his remarks which should be thought over very sincerely by this committee. This is a committee for all of Canada, eastern, western, and northern. It takes in the whole area. Speaking as a farmer from eastern Canada, I want to do all that I can to help the farmers of western Canada in any difficulties they may have. But I think it is wise perhaps, upon an occasion like this, that we mention some of the difficulties in eastern Canada so that the members from Western Canada will realize that Eastern Canada does have difficulties which are serious. We hope that they will take such matters into consideration when they ask for concessions from a committee such as this.

Our problem in eastern Canada, as one of the members has mentioned, is that of too much water. That is just the opposite to your problem in western Canada. And I would like to point out that a farmer in eastern Canada who has one hundred acres of land, in order to ensure, or partly ensure a crop, must spend at least \$80 an acre for tile and drainage material in order to ensure a reasonable crop year after year. In other words, he must spend \$8,000 on a hundred acre farm to give him the assurance of a crop.

I have listened to the speeches of the members from the west and I feel most sympathetic towards them. I want to be helpful and to support the principles which are suggested by the amendment. But as I have said, I think it is wise that something like this be mentioned at this time so that the members from western Canada may have some appreciation of the problems with which the eastern farmers are faced. That is the only reason I brought the matter up. We want to support irrigation schemes which help to develop and ensure crops in western Canada. But it may be that at some time you may be asked to help the eastern farmers solve their problem of too much water rather than not enough.

In eastern Canada we have many areas in many townships where the farmers have to pay \$80 an acre; and there are many places where the farmer has practically no crop at all and has no protection under a scheme such as this. I just want to bring that up so that those of you who are from western Canada will appreciate that we too have some of those problems; but we want to help you and we want to support the scheme; and I am sure that the eastern Canadian members all want to do the same. But, as I have said, we have a problem, that of too much water.

I hope that no one from western Canada will think that I am in any way opposed to this amendment. But I would appreciate it if you would consider this as a particularly Canadian problem and that you are making your request of all Canada. I hope I am not out of order in making these remarks. I hope that they will be helpful to the committee in the future.

The CHAIRMAN: Thank you, Mr. Clark.

Mr. FAIR: I find myself in sympathy with Mr. Clark in his remarks. As a member who has been here for a long time—this is my fifteenth year—I have yet to hear a successful contradiction to the statement that the west has always given every consideration to the problems of the farmers all over Canada. And as far as I am concerned I believe all my friends from the west have met with this condition here. As far as this amendment is concerned I shall be quite satisfied if the committee sends it to the House as a recommendation. I might say that many of the farmers of the west today consider the payment of a bonus as a grocery bonus, because many of them lost practically everything they had in crop failures.

The WITNESS: Mr. Diefenbaker is not with us now, but I shall endeavour to answer his question. Firstly, in regard to the municipalities along the Qu'Appelle valley, I think I can say that this amendment will certainly help to a great extent the situation which has been causing some trouble there in years past. In the past it had to be a section of nine, three by three, rectangular. It said rectangular; but in order to be rectangular, there had to be sections three by three. But now under the new situation it brings it down to six. That can be three by two or one by six. That would be better than taking it out of one by nine, but it is going to reduce it considerably. Now, another thing I was going to say here—mind you I am not going to give you any advice on it—but what I was going to say was that as I see the situation it is this: A principle is involved there: are you going to go down to the individual farm, or are you going to continue on the basis on which the Act is already drawn up. I think we must assume that the proposed amendment—I am not speaking against it,

mind you—I think we must assume that the proposed amendment will bring into effect the application of this Act to the individual farmer in so far as taking out a payment under section 7 (a) is concerned. I think that is one of the key arguments there; you are going to bring the individual farmer into play under this section. Now, as regards the other questions asked by Mr. Diefenbaker, Mr. Bater has put the completer answer to that; that is as regards the recommendation of the Association of Municipalities of Western Canada. I think this amendment meets their recommendations, I mean the recommendations made by the Association of Rural Municipalities. It goes no further. It just goes that far. I think that is what they recommended, was it not, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. BROWNE: What associations are you referring to now?

The CHAIRMAN: It brings the unit area down from a township to half a township, and that is one of the things which the Union of Municipalities asked for.

Mr. SINNOTT: I will move the adoption of section (a) of section 7 immediately.

The CHAIRMAN: I have ruled the amendment out of order.

Mr. ARGUE: I understand that it can still be submitted as a recommendation.

The CHAIRMAN: Yes, but it will have to be reworded; the wording is not correct as it stands. At the moment I am ruling the amendment out of order.

Mr. McCUBBIN: You rule it out of order?

The CHAIRMAN: Yes.

Mr. ARGUE: But you rule that it may be taken up later in the form of a recommendation?

The CHAIRMAN: Yes.

Mr. ARGUE: It would be in order at a later stage?

The CHAIRMAN: Yes. If you wish to make it in the form of a recommendation after we have disposed of this bill it will be considered. I think the amendment as it was introduced was entirely out of order.

Now, gentlemen, we will take up subsection (b). It reads:

- (b) where a rectangular block of sections of land within an eligible township having an area of not less than one-sixth of the township and a side that lies along the boundary of an eligible township is determined by the Board to have an average yield of eight bushels of wheat or less per acre, such block of sections of land shall be eligible for award as though it were a complete township;

Mr. ARGUE: Mr. Chairman, with respect to subsection (b), that would reduce the area as to size which would be eligible for benefit that can be included in an eligible township, provided this area is of a size sufficient to meet the needs of the section. The same argument to some extent applies to (b) as applied to (a). It is highly possible and quite probable that in these six sections that are being added to the eligible township you may have one or more farmers who have an average yield of higher than eight bushels to the acre so that they cannot obtain the bonus, whereas in an area outside of the bonus section you may have, and you are very likely to have, a number of farmers who have a yield under eight bushels and it just so happens that you cannot tie them into a rectangular block of six sections in order to provide them with the benefits. I have an amendment to section (b) and it is worded in the form of a recommendation, and I would like to read the amendment to you, Mr. Chairman, and after you hear it you can make your ruling whichever way you think best.

Moved by myself: that the committee recommend that Bill 185 be amended by deleting subparagraph (b) commencing at line 16 and substituting therefor the following:—

- (b) Where a section of land lies within an ineligible township and has a side that lies alongside an eligible township or is a section which lies alongside an eligible section or a corner of which touches the corner of an eligible township or an eligible section, such section of land shall be eligible for award as though it were a complete township.

The effect of this recommendation, if the committee approves or recommends it, would mean that after you have established an area as crop failure, you can do so where you have a township or a half township; and this means that you can add to that township or half township sections of land outside that township or half township, providing the crop in that area is less than eight bushels per acre. This in my opinion would not have the result which was alleged would follow from the first amendment. This would not place the scheme on an individual farm basis at all. This does not refer to the individual farmers in any way. It talks of sections of land, of many sections of land. You will have more than one farm. As has been pointed out before, when the Act was first brought in years ago we started with a crop failure area of 171 townships in Saskatchewan, and that was reduced to one township in an area, and that again was reduced down to one-half a township. I am not arguing that the basis of award be reduced, but that if there is an area which has been established as a crop failure area that other sections contiguous to that crop failure area may be added.

The CHAIRMAN: You want the area reduced now to one section, I think that is what you said.

Mr. ARGUE: That is right.

The CHAIRMAN: I am afraid that I have to rule that out of order just the same as the other.

Mr. ARGUE: This is a recommendation though, in this instance.

The CHAIRMAN: I admit that; but in so far as dealing with clause (b) is concerned, I would say that the recommendation is out of order. You are cutting your six sections down to one section.

Mr. WRIGHT: Mr. Chairman, I must dispute your point of order. It is up to this committee, not up to the chairman, to say whether a recommendation of this committee goes to the house or not. I appreciate your position, Mr. Chairman, and I congratulate you upon having taken that position; but I still say that the fact that you are chairman does not give you the authority to stop this committee from recommending something to the house if they feel that such a recommendation should be made. It is for the committee as a whole to decide in its judgment as to whether we recommend something to the house or not. I do not think you are in order, Mr. Chairman, in refusing to accept a recommendation; it is up to the committee itself to decide what shall be done with it.

The CHAIRMAN: Mr. Wright, just a moment please. Do not for a moment think that I am refusing to accept anything. That is not what I am doing at all. What I am doing is this: I am saying that with respect to clause (b), which is now before the committee, that this amendment, moved by the member for Assiniboia, is out of order in so far as clause (b) of this bill is concerned. I am not saying that after we have disposed of clause (b) and the bill it could not be brought forward as a recommendation for the consideration of the committee; far from it.

Mr. ARGUE: You mean that it would be in order at a later stage?

The CHAIRMAN: Yes; I would say so. Yes.

Shall clause (b) carry?

Carried.

Shall clause (c) carry?

Mr. BRYCE: No, Mr. Chairman; I want to move an amendment which I hope will be in order. May I just speak to it. It says here:

(c) where the Board has determined that an area is eligible for award and a rectangular block of sections of land outside such area having an area of not less than one-half a township is determined by the Board to have an average yield of eight bushels of wheat or less per acre, such block of sections of land shall be eligible for award as though it were a complete township.

Now, my motion is this:—

Moved by myself:

That Bill 185 be amended by deleting from sub-paragraph (c) thereof the words "the Board has determined that an area is eligible for award and" and also by deleting from the same sub-paragraph the words "outside such area".

and then the clause would read:

The CHAIRMAN: I am afraid that I am going to have to refuse this amendment on the same grounds as I refused the other amendment. What you are saying now is that you want the half township, as stated here, cut down—

Mr. BRYCE: Oh no, definitely not.

The CHAIRMAN: Yes, excuse me.

Mr. BRYCE: Definitely not.

The CHAIRMAN: Your amendment reads:

That Bill 185 be amended by deleting from sub-paragraph (c) thereof the words "the Board has determined that an area is eligible for award and" and also by deleting from the same sub-paragraph the words "outside such area".

You have left out the half township again.

Mr. BRYCE: No. It says, by deleting from sub-paragraph (c) thereof the following words, "the Board has determined that an area is eligible for award and"; and also by deleting from the same sub-paragraph the words "outside such area"; and then it would read:

(c) where a rectangular block of sections of land having an area of not less than one-half a township is determined by the Board to have an average yield of eight bushels of wheat or less per acre, such block of sections of land shall be eligible for award as though it were a complete township.

What this amendment is doing, Mr. Chairman, is that in the case of these half townships the half townships can be added to by six-section blocks the same as though they have been a part of the township itself. Now, it is my understanding from the minister that this was the intention of the Act; that wherever a half township was established as an area then it could be added to by these six-section blocks, but under the section as it now reads I do not think that could be done.

The CHAIRMAN: I shall ask Mr. Matte to explain it.

By Mr. Wright:

Q. That is all we were hoping to do under this amendment; to make it quite clear that in any case where a half township was established that half township could be used as an area to which to add the sixth section block.—A. It does under the present wording. It reads:

... such block of sections of land shall be eligible for award as though it were a complete township;

In other words, you can add to it the same as you could to a township. And I might say that this matter was discussed with the Justice Department when it was drawn up.

By Mr. Argue:

Q. In order for a half township to be established, first of all to be established as a township under the Act, there must be another area which is declared an eligible area. But actually this might never occur. Do you think it might?—A. It would never occur.

Q. It is possibly theoretical at least. And you do not have only a half township with a crop failure. You do not have just a half township; and that half township would not get any of this whatever. According to this clause, there has to be one township which is eligible. And after you get one township, you look around for a half township. Then you mean that you look for a half township first? Let us suppose there was a township in the Peace River area which was eligible. Then, could a half township somewhere near Winnipeg get the thing?—A. Absolutely.

Q. That is the point which we wanted to clear up. We thought there could be no objection to this amendment as it is worded, because it would merely say what we understood the minister had to say to us in the House.

By Mr. Jutras:

Q. Mr. Chairman, could Mr. Matte further elucidate on this point: what is the exact relationship there of the first sentence with the rest of it:

(c) where the Board has determined that an area is eligible for award and a rectangular block of sections of land outside such area. . . .

A. It means anywhere at all outside of the area where there is at least one township which comes into payment under the Act. You can take a half township and an area anywhere else in the western provinces into payment providing it is an area of at least half a township.

Q. Do you mean to say that the only requirement is that the half township must not be the only area qualifying?—A. That is right.

Q. Taking the three provinces together?—A. No, the four; the Peace River area and northern British Columbia.

By Mr. Bryce:

Q. In the constituency of Selkirk at Poplar Point, if we have a crop failure there could the hon. member for Provencher—although there are one hundred miles between us—benefit?—A. Absolutely. There is no difference there.

By Mr. Jutras:

Q. So long as there is a township somewhere, anywhere in the three western provinces and the Peace River district, then the half township anywhere in the other parts can qualify?—A. That is right.

The CHAIRMAN: Shall (c) carry?

Carried.

By Mr. Wright:

Q. In the case of the three western provinces or the Peace River block that half township could qualify irrespective of whether there was a township anywhere else?—A. Yes. We have discussed this matter thoroughly. Yet. And for all practical purposes, knowing that at all times there will always be, at least, one township in the western provinces where there will be a crop failure; taking that basis, really the effect of this amendment, the effect of this bill, is to reduce the area from a township to a half township. That is the general effect of it.

The CHAIRMAN: Carried?

Mr. JUTRAS: What about section (c)?

Carried.

Mr. FAIR: I should like to move, seconded by Mr. Wright—

Mr. JUTRAS: Oh, we have not dealt with 2, yet.

Mr. McCUBBIN: Yes. No. 2 is carried.

The CHAIRMAN: Shall the title carry?

Carried.

The CHAIRMAN: Shall we report the bill?

Carried.

Mr. FAIR: Before reporting the bill, I should like to move, seconded by Mr. Wright, that this committee recommend to the House that section 7(a) be amended by adding the words:

Notwithstanding anything contained in this section, no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township.

The CHAIRMAN: No section. You have reduced it to a section now?

Mr. FAIR: No. That is exactly the same as the amendment I moved before.

The CHAIRMAN: Now I will repeat it to the committee. Will you just read it again, Mr. Fair?

Mr. FAIR:

Notwithstanding anything contained in this section, no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township.

Mr. JUTRAS: Now the suggestion before the committee from Mr. Fair would in fact recommend an amendment to section (a). Then later on an amendment by Mr. Argue would in effect make the same recommendation to section (b). Are you going to press it? Will Mr. Bryce do so? Then the principle involved in both is the same. So I would suggest that it might be preferable if the two gentlemen would get together and make a general recommendation to the department drawing their attention to the one particular problem which is common in the two amendments, with the idea in view that they might find a better solution to it, that they might accomplish what we are attempting to accomplish now by restricting it to (a) and (b). I think that would be preferable to presenting a formal amendment or a restriction.

Why not make a general recommendation that the government or the department consider the advisability of some such wording; as further studying the Act with a view to eliminating discriminations as such of that nature, discriminations with regard to individual sections? I think that would better accomplish your aim and it would leave more flexibility to the department because, in the end, that is what we all want to accomplish in this amendment.

Now, we recognize that this bill which is before us is not all we had hoped for. I referred previously to the question of bringing it down to an individual

basis, one that would be rather in the nature of a crop insurance scheme. Of course I have a great deal of sympathy with a scheme for crop insurance, but that is entirely outside our scope today. For us to recommend anything of that nature, we would have to begin by recommending to the government that they consider it jointly with the provinces, before this problem can be tackled. I think we might possibly include here a general resolution further to study the possibilities of eliminating discriminations in the Act, and leave it at that.

Mr. LEGER: I believe, Mr. Chairman, that you said a little while ago that this bill incorporated the recommendations made by the farmers in the town of Humboldt.

The CHAIRMAN: Two of the main features, yes. I said that.

Mr. LEGER: I believe that the government at the present time is very lenient in granting the demands of the western farmers? But perhaps it would be a good thing to review the situation we have in the maritime provinces. In the maritime provinces, in order to grow anything, we have to buy fertilizer and, naturally, we have to make use of all the barnyard manure that we can get. This year in my district we have had a crop failure on account of drought. We had lots of rain in the early part of the season, but for the last month and a half, in a time when we ordinarily would have intermittent rain, we did not have any rain at all. I would have you know that we in the maritimes, especially in New Brunswick, grow grain too. We also had a number of crop failures where we never had any assistance at all. I believe that the government is reviewing the situation of the western farmer with considerable sympathy and I do not think at the present time that we should ask for any increase in benefits.

The CHAIRMAN: Does anyone else wish to speak to this amendment?

Mr. BROWNE: Could you tell us what the increase in cost would be if we took in the individual section as is suggested?

The WITNESS: I could give you just a rough estimate. It would certainly increase the payment considerably if you go down to the individual unit.

Mr. CHARLTON: Mr. Chairman, I am probably rather stupid, but I cannot possibly see where a man under that recommendation could be declared ineligible if outside of an eligible township. I think the wording should be "ineligible township" instead of "eligible" as in Mr. Fair's recommendation. I would like to have an opinion from Mr. Matte on that. I believe that under the proposed amendment a man could not possibly be declared ineligible for the bonus.

The WITNESS: He refers to a section based on an eligible township, he must be adjacent to an eligible township for award.

Mr. CHARLTON: If this section were contiguous to an eligible township he would automatically become eligible for the bonus, would he not?

The WITNESS: No, not if he were included in a block such as we have been speaking about. What we are doing here is this, we are taking out of that eligible township a block of sections, out of payment, where the average is over ten bushels per acre.

Mr. CHARLTON: Then it should be as I have suggested.

The CHAIRMAN: Might I ask the sponsors of this recommendation if they would accept the suggestion which Mr. Jutras has made?

Mr. FAIR: Mr. Chairman, we have the representatives of the provinces here who are familiar with these matters and I would be quite satisfied if the matter were left for them to bring in a recommendation.

Mr. JUTRAS: I am rather interested in this and I have a very definite concern in these matters. In my view the recommendation is restrictive in character. For instance, in my own constituency, we have more than one river lot, a large area of the district is made up of river lots, settlement lots; and if you put it that way we will run into the very same difficulty that we ran into at the

beginning of the Act in 1937. We finally got the department to accept certain changes representing river lots, but this does not take into consideration river lots at all, they would be left out of the benefit. I suggest that you leave this matter to the department because I think you can assume that the department will do it. Your amendment could be redrafted in general terms, and perhaps in that way meet some of our problems. As it stands it would be too restrictive in that it would not apply to many of the districts in Manitoba.

Mr. FAIR: You have referred to the river problem; that was taken care of in the amendment of 1947.

Mr. JUTRAS: The problem was taken care of as far as the Act is concerned because it was revised so that it would take care of our situation; but there is no such thing, for instance, as a river lot, in the recommendation before us, and there is nothing in the Act which says that river lots shall be taken care of in so far as determining townships goes. It takes care of them in that respect, but it does not go any further than that.

Mr. ARGUE: Would there be under the Act now in respect to whole or part townships?

Mr. JUTRAS: As I say, they can be grouped now, the department can group a certain number of river lots and call that a township.

Mr. BROWNE: It is one o'clock, Mr. Chairman.

Mr. JUTRAS: You still have that difficulty in this recommendation of yours; it still does not take care of the fraction of a township, for instance.

Mr. FAIR: Then I suggest that Mr. Jutras bring in a proposed recommendation at the next sitting of the committee.

The CHAIRMAN: Is there anybody else who would like to speak to this recommendation? I would like to put it to the committee and have it disposed of. You have heard Mr. Fair read it to the committee. Do you wish to have it read again?

Some hon. MEMBERS: Yes.

The CHAIRMAN: It reads:—

Notwithstanding anything contained in this section, no section of land, having an average of less than eight bushels to the acre, shall be denied the bonus in an eligible township.

Mr. FAIR: Mr Chairman, I should like to have the vote recorded?

(Vote recorded.)

The CHAIRMAN: Is there anything that anyone else wishes to bring forward?

Mr. ARGUE: I would like to move that the committee recommend that Bill 185 be amended by deleting sub-paragraph (b) commencing at line 16 and substituting therefor the following:

(b) Where a section of land lies within an ineligible township and has a side that lies alongside an eligible township or is a section which lies alongside an eligible section or a corner of which touches the corners of an eligible township or an eligible section, such section of land shall be eligible for award as though it were a complete township.

I know the committee is anxious to rise and, as I have already given an explanation of my motion, I have nothing further to say.

The CHAIRMAN: Shall Mr. Argue's motion carry?

(Motion lost.)

Mr. ARGUE: Mr. Chairman, I should like the vote recorded.

(Vote recorded.)

The committee adjourned.

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SECOND SESSION

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Bill No. 209—An Act to Amend The Prairie Farm Assistance
Act, 1939

TUESDAY, MAY 30, 1950

STATEMENTS BY

Right Honourable J. G. Gardiner, Minister of Agriculture and Honourable
I. C. Nollet, Minister of Agriculture, Saskatoon Saskatchewan.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: A. J. BATER, Esq.

Messrs.

Anderson	Decore	Lapalme
Argue	Demers	Leger
Arsenault	Diefenbaker	Lesage
Aylesworth	Dumas	MacKenzie
Bennett	Fair	McCubbin
Black (<i>Chateauguay- Huntingdon-Laprairie</i>)	Fontaine	McLean (<i>Huron-Perth</i>)
Blue	Gauthier (<i>Lapointe</i>)	Murray (<i>Oxford</i>)
Browne (<i>St. John's West</i>)	George	Murray (<i>Cariboo</i>)
Bryce	Gosselin	Quelch
Catherwood	Gour (<i>Russell</i>)	Richard (<i>St. Maurice- Laflèche</i>)
Cavers	Harkness	Roberge
Charlton	Hatfield	Ross (<i>Souris</i>)
Clark	Hetland	Sinnott
Cloutier	Jones	Studer
Corry	Jutras	Thomson
Cote (<i>Matapedia-Matane</i>)	Kent	Whitman
Courtemanche	Kickham	Wood
Coyle	Kirk (<i>Antigonish- Guysborough</i>)	Wright
Cruikshank	Kirk (<i>Digby-Yarmouth</i>)	Wylie
Darroch	Laing	

Clerk: ANTONIO PLOUFFE

REPORT TO HOUSE

TUESDAY, May 30, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be empowered to sit while the House is sitting.
2. That it be given permission to print from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

A. J. BATER,

Chairman.

ORDERS OF REFERENCE

TUESDAY, 28th February, 1950.

Resolved, That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	Cruickshank,	Laing,
Argue,	Darroch,	Lapalme,
Arsenault,	Decore,	Leger,
Aylesworth,	Demers,	Lesage,
Bater,	Diefenbaker,	MacKenzie,
Bennett,	Dumas,	McCubbin,
Black (<i>Chateauguay-</i> <i>Huntingdon-Laprairie</i>),	Fair, Fontaine,	McLean (<i>Huron-Perth</i>),
Blue,	Gauthier (<i>Lapointe</i>),	Murray (<i>Oxford</i>),
Browne (<i>St. John's West</i>),	George,	Murray (<i>Cariboo</i>),
Bryce,	Gosselin,	Quelch,
Catherwood,	Gour (<i>Russell</i>),	Richard (<i>St. Maurice-</i> <i>Laflèche</i>),
Cavers,	Harkness,	Roberge,
Charlton,	Hatfield,	Ross (<i>Souris</i>),
Clark,	Hetland,	Sinnott,
Cloutier,	Jones,	Studer,
Corry,	Jutras,	Thomson,
Cote (<i>Matapedia-</i> <i>Matane</i>),	Kent,	Whitman,
Courtemanche,	Kickham,	Wood,
Coyle,	Kirk (<i>Antigonish-</i> <i>Guysborough</i>),	Wright,
	Kirk (<i>Digby-Yarmouth</i>),	Wylie—60.

(Quorum 20)

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

FRIDAY, 10th March, 1950.

Ordered,—That the name of Mr. Herridge be substituted for that of Mr. Argue on the said Committee.

FRIDAY, 19th May, 1950.

Ordered,—That the following Bill be referred to the said Committee, viz:—

Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

MONDAY, 22nd May, 1950.

Ordered,—That the name of Mr. Argue be substituted for that of Mr. Her-
ridge on the said Committee.

TUESDAY, 30th May, 1950.

Ordered,—That the said Committee be empowered to sit while the House
is sitting.

Ordered,—That the said Committee be given permission to print from
day to day, 500 copies in English and 200 copies in French of its minutes of
proceedings and evidence, and that Standing Order 64 be suspended in relation
thereto.

Attest.

LÉON J. RAYMOND,

Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 30, 1950.

The Standing Committee on Agriculture and Colonization met at 11 o'clock a.m., Mr. A. J. Bater, Chairman, presided.

Present: Argue, Bater, Bennett, Bryce, Catherwood, Charlton, Corry, Courtemanche, Cruickshank, Darroch, Decore, Diefenbaker, Fair, Gosselin, Harkness, Hetland, Jones, Jutras, Kent, Leger, Lesage, McCubbin, Murray (*Oxford*), Murray (*Cariboo*), Quelch, Roberge, Ross (*Souris*), Studer, Wright, Wylie.—(30).

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; Honourable I. C. Nollet, Minister of Agriculture, Saskatoon, Saskatchewan; A. M. Thomson, Director of Lands, Saskatchewan; and Messrs. G. J. Matte, Associate Director, Prairie Farm Rehabilitation and R. E. Motherwell, Private Secretary.

The Chairman acknowledged with thanks the honour of presiding over this Committee.

The Orders of Reference were taken as read.

On motion of Mr. Wright,

Resolved,—That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Leger,

Resolved,—That the Committee obtain permission to print from day to day, 500 copies in English and 200 in French of its minutes of proceedings and evidence.

The Chairman read a telegram from Mr. G. Atkinson, Secretary of the Saskatchewan Farmers' Union.

The Committee began its study of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Clause 1.

Right Honourable Mr. Gardiner made a lengthy statement and was questioned.

Honourable Mr. I. C. Nollet read a brief and was questioned.

Mr. Thomson supplied answers to certain aspects of the question.

Mr. Ross (*Souris*), read into the record an Order for Return tabled in the House on March 15, 1950, in answer to one of his questions.

At 1.10 o'clock p.m. the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,

Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,
Tuesday, May 30, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen, we have the Right Hon. Mr. Gardiner with us this morning and if it is agreeable to the committee we will hear Mr. Gardiner first and then I am going to suggest we give Mr. Nollet an opportunity to speak. Mr. Nollet has come a long way to attend the committee, and he informed me he has made reservations to go back to Saskatchewan tonight, and in case the meeting goes on after today I think Mr. Gardiner would like him to speak while he is here. We also have Mr. Thomson, the Director of Lands for the province of Saskatchewan here, and I suppose you know that Mr. Nollet is the Minister of Agriculture for the province of Saskatchewan.

Mr. JUTRAS: Mr. Chairman, I fully agree and am quite willing to give Mr. Nollet the floor as soon as possible to accommodate him. However, I have a few general questions I would like to ask on the P.F.A.A. I can wait until later if I am not precluded then from asking my questions.

The CHAIRMAN: I was going to suggest that Mr. Gardiner and Mr. Nollet be given an opportunity to speak and finish without questions, but before calling on Mr. Gardiner I want to read a telegram I received yesterday:

We feel proposed amendments to exempt certain Crown lands from benefits of P.F.A.A. payments is discriminatory strongly urge reconsideration we believe question of marginal lands can be dealt with more effectively by other means.

G. ATKINSON, *Secretary,*
Saskatchewan Farmers Union.

I thought I would read that telegram to you.

Mr. ROSS: Mr. Chairman, following what my good friend has said, I presume we can ask either of the ministers questions when they are through. I have some questions I would like to ask the Saskatchewan Minister of Agriculture.

The CHAIRMAN: Yes.

Mr. DECORE: Do I understand the Minister of Agriculture for the province of Alberta is also coming in?

The CHAIRMAN: I believe Mr. Gardiner will explain that in his address.

Right Hon. Mr. GARDINER: Mr. Chairman and gentlemen, in regard to the question which has just been asked, I think I can best answer that by saying that after the discussions which we had in the committee of the House of Commons, and on the second reading of the resolution, we had a communication from the province of Alberta and also from the province of Saskatchewan. The communication from Alberta was to the effect that they wanted to know whether their minister would be received by me Monday, a week ago, if he arrived in Ottawa that day. I wired him back that I would be prepared to see him, but that this committee was meeting later on and he would be welcome to come here to present any objections or suggestions he had to this

committee. He came on Monday and I saw him, and he went over the amendment as it is now suggested to the committee, which I will read in a moment to you and which will be distributed. He stated that was entirely satisfactory as far as he was concerned, and he went back to Alberta, and so far as I know at the moment there is no objection from there as to the amendment as it is now proposed.

Now, it will be recalled when we had the Bill in the House that it was referred to this committee. The amendment which was presented had in it subsection (c) of section 1. Section 1 of Bill 209 reads:

1. Subsection three of section three of The Prairie Farm Assistance Act, 1939, chapter fifty of the statutes of 1939, as enacted by section two of chapter forty-three of the statutes of 1947, is amended by adding thereto the following paragraph:

(c) with respect to lands held under a lease or licence of occupation from His Majesty in right of Canada or a province or from a municipality, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to lands held by a settler or veteran under a contract made under the Soldier Settlement Act or The Veterans' Land Act, 1942, or lands vested in His Majesty in right of a province and held by a veteran pursuant to an agreement made under section thirty-five of The Veterans' Land Act, 1942.

The amendment reads:

"(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine—"

Now, to make that intelligible I think one has to recall that in the main Act they are reciting the lands upon which payment is not made and payment is not made with respect to lands held under lease or licence of occupation from His Majesty in the right of Canada or a province or from a municipality.

"—and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

(i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942—"

Probably I should say before going on with that that I am not going to discuss the other two paragraphs. I assumed we were in fair agreement on them and any questions you wish to ask afterwards can be discussed. I think the main discussion will be on this first section of the bill. When we were discussing that in the House I intimated we had already provided in the bill for payment made to co-operative farms in Saskatchewan. I was under the impression when I said that that we had so stated in a section of the Act similar to the one we are dealing with here, but when I went back to my office and read the Act I found the draftsman had taken a short cut to making that true by amending the definition, and in defining what a farmer was they said a farmer included those who were on cooperative farms. When we started to take the land out it was interfering with what we had provided for by saying these farmers did come in, so it became necessary to have some amendment suggested and since the bill had had its first reading we could not have it reprinted including the amendment, and I have it here.

Now, when the people from Alberta were here we indicated to them, as a result of discussions in the House, that we had already decided to introduce by

way of amendment to this proposed section a subclause which would provide those who are in the special areas in Alberta could be paid prairie farm assistance provided they met all the other conditions.

Then, in addition to that, as a result of the nature of the discussions, we thought it was better to word the resolution or proposed amendment right from the beginning in a different way, that is, not to refer to the lands leased but to refer to lands which were still held by the Crown at a certain time rather than what they did with them. I should say, too, we made provision for school lands and we have also made provision for lands with respect to which agreements have been entered into between the government of Canada and the governments of the provinces, and the reasons for that I will bring out in a few moments.

Before going on to that I will read the proposed amendment which I would recommend the committee send back to the House as amended. Section 1 (c):

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine—

Now, that is the date the Prairie Farm Assistance Act became effective, so that any lands which had not been sold by the government before that time would be excluded from payments under the Prairie Farm Assistance Act, and the remainder of the section is the same as it was in the first proposal:

—and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
- (ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act."

The effect of subparagraph (c) is that it cuts this land out from the prairie farm assistance and the effect of what takes place from (1) on is that these lands remain in as they have been.

Subparagraph (ii) reads:

(ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta.

I think I should explain that the reason that is worded the way it is is that there is an area, which the member from Medicine Hat will know very well, which is known as the English block, which is not now in the special area, but it was in the special area when this Act was drafted and it shows on this map of Alberta as being in the special area. I think at this point if we just hold the map up we can let the members know where the areas are. The areas defined in the Special Areas Act 1939 are shown on the map of Alberta. Municipalities were disorganized back in 1928 to begin with, and later on in 1939 they put through further legislation which they are now operating under.

In these areas where the municipalities were disorganized the province took over a portion of that land and they operate those areas under special legislation. In that special legislation they took over lands that had been homesteaded or purchased by railways or others; in some cases land companies, and farmers had been established on them. Farmers found they could not maintain themselves there and the province set up a plan, set out in special

areas legislation and we have drawn this amendment in terms which covers the English block as well. There is a reason for that, because if we put it in any other form the English block would be out. That is really not serious because very few people are living on it and the present arrangement is the province or ourselves will undertake irrigation there, in which case it will not be under the Prairie Farmers Assistance Act. There are two small areas up near the river which were in the original special areas but are not now in there, but which are operated in the same way as the areas in the special areas. Because this takes care of the lands which were in the Act from the beginning it covers the areas referred to as they should be dealt with.

I may say we had a definite undertaking in writing from the Alberta government at that time that there would be no change, that the lands would be maintained in the same relationship as when the Prairie Farm Assistance Act was passed. The undertaking has been carried out right to the present and we are quite satisfied with the results.

Then the next section:

(iii) lands approved by the Board and held by a co-operative farm association.

Mr. DIEFENBAKER: What board is that?

Right Hon. Mr. GARDINER: That is a board under this Act which is a three-man board. It means when a co-operative farm is set up that the board has some say as to whether these are lands which should go in under the Act. Co-operative farms as they now are are accepted.

The next is school lands, subparagraph (iv). Now, you all know what school lands are. There are two sections in every township in the west that were set aside for school purposes and we are not interfering in any way with them. They are sold by auction to farmers from time to time and if a farmer buys them these school lands are under the Act the same as other lands.

Then, subparagraph (v) reads:

(V) Lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

These are agreements that we enter into from time to time with the province. For example, the province turns land over to us which they own, if we are going to flood it in creating a reservoir for irrigation purposes. That land is turned over to us by the provinces and it remains with the government of Canada as long as we are utilizing it for that purpose. Then, too, when we set up irrigated areas we sometimes take over land that belongs to the province.

In cases where we have community pastures set up we may arrange to take over a better piece of land outside the pasture. We are not eliminating those. We do not pay prairie farm assistance in any district where we have irrigation unless the crop is of a very poor kind, and that is all set out in the Act.

The general terms of the Act will apply, but where we have established agreements between the provincial government and this government in advance and it is agreed at the time we are doing it that it comes under the Prairie Farm Assistance Act, that land operates under the Prairie Farm Assistance Act.

Those are the amendments about which there was some discussion in the House and which was the reason we had the matter submitted to the committee. I would like to ask your indulgence for a few moments while I go over the history of the matter.

The reason for bringing in the Prairie Farm Assistance Act, as you recall, in 1939, was to make it possible for persons who were dried out to obtain assistance. I may say at the time when we were bringing it in we only had in mind drought, but in our discussions we brought in grasshoppers and a lot of other things, but it was drought we had in mind at that time. It was said that

the federal government had some responsibility for people having been put on those lands in the south and central part of the prairies that had been afflicted rather regularly with drought, and it had been said we had done so in the face of warnings, and having been the cause we ought to assume some responsibility, now that the lands were turned over to the provinces, for the cost of rehabilitating that area. Well, the government of the day assumed some responsibility and we have added to those responsibilities since by enlarging upon the P.F.R. Act, which was put on the statute books by a previous government, and by bringing in this Prairie Farm Assistance Act. The Prairie Farm Assistance Act was brought in to make it possible for people who were living on land which had been dried out one season to be able to carry themselves over to the next season without adding store bills, grocery bills, clothing bills and that sort of thing to their indebtedness. When drought followed one year after another for four or five years it added to such indebtedness so that it was impossible for them to re-establish themselves. We brought this Act in to assist people who had been encouraged to go on the land prior to 1930, prior to the time that the dominion government ceased to have any responsibility for putting them there. You will note in these amendments we carry our responsibility further than that; we bring it down to the time we assumed responsibility when we passed this Act, which was in 1939, or about nine years later. On that question I do not think there can be very much doubt as to whether we have acted fairly in connection with the matter of dealing with the obligation which should be assumed by the federal government.

I should probably say, in addition to that, when the resources were turned over in 1930 there was a commission set up which had established some obligation on the part of the federal government. That commission was set up by the King government. The government was defeated in the meantime and Mr. Bennett re-established the commission with a little different personnel and they went on and held other sittings, and the result of their hearings was they established a certain amount that each of the provinces was entitled to. Saskatchewan's proportion was a little over \$5 million. Manitoba was granted a certain amount, and Alberta a certain amount. The Saskatchewan government of the day did not accept the \$5 million, largely because of the fact their representative on the commission had recommended that they be paid \$33 million—it was something over \$30 million, in any case. Last year the government of Saskatchewan accepted a settlement of \$5 million plus the interest, which with accumulation of interest amounted to something over \$8 million, so there is an argument to the effect that some payment was made by the federal government in lieu of any responsibilities that they should assume as a result of the terms on which the land was turned over to the provinces. Nevertheless, when we set up this Act we did accept some responsibility for the rehabilitation of these people and for sustaining them on their lands until such time as we could provide a better means of rehabilitation than had been provided up to that time.

Now, this bill intends to say that we are not responsible for what has been done by the provinces since, and it intends to make it clear that if the provincial governments have gone ahead since and opened up lands which had not been previously opened up, or settled, that settlement should be made on a basis which would make it possible for the individual to live there without getting the prairie farm assistance, that the conditions under which he settles ought to be such; that he can live without assistance under P.F.R.A. I am going to explain to you just why we take that position. There are—and I am going to go over that in a minute—large areas in the southern part of Saskatchewan and Alberta and a limited area in Manitoba that a Commission of a few years ago determined were not fit for agricultural cultivation, and it is not so far back as some of us may think. That Commission was set up by the Borden government in 1912 with Mr. Pope as the chairman and two other members.

They reported in 1914, and their report was adopted and put into effect. I would just like, if you can see if from where you are sitting, to show you a map that indicates that Commission's findings.

Mr. Ross: Was it pretty much the Palliser Triangle?

Right Hon. Mr. GARDINER: No, it is the ranching area. However, we will come back to that in a moment.

Well, now, to get back to the settling of the west. At first it was determined that there were about 170 million acres of land in western Canada that might eventually be opened up. Now, some of that is prairie land, some of it is forest land, some of it is mining land, and so on. That matter was all discussed in the House of Commons many years ago. It was determined that there were about 170 million acres, but by the figures that were finally compiled, it turned out there were 203 million acres.

Mr. DIEFENBAKER: When was that estimate made?

Right Hon. Mr. GARDINER: That estimate was made in 1908 by Mr. Oliver when he was laying out his policy.

Now that I have the map, I better clear up what I was at a moment ago. This is a map of the southern part of the provinces. The eastern boundary of the land mentioned for cultivation in the opinion of the Commission runs up along the Soo line. It is shown by this black line running through the dirt hills and north to about where the dam is proposed, on the South Saskatchewan River. The north boundary runs right across to the mountains and the west boundary down along the mountains to the American boundary.

Mr. HARKNESS: Could you indicate that to us on the big map?

Right Hon. Mr. GARDINER: It starts about here and runs up along there and then across to the north of Calgary down the mountains and right across the boundary line.

Mr. JUTRAS: Does it go into Manitoba?

Right Hon. Mr. GARDINER: No.

This was the area which the Pope Commission, set up in 1912, said it was not suitable for agricultural cultivation. The black area which extends north and south on either side of the Alberta-Saskatchewan boundary is the present ranching area about and on all sides of the Cypress Hills. It was under lease for ranching, and those leases ran all the way from a few acres to an individual farmer up to 100,000 acres, which was the limit they put on it. That is, it was provided that a man or an organization could obtain up to 100,000 acres for ranching. The ranching area was down along the dirt hills south of Moose Jaw, it was in the area south of Wood Mountain, south of Bengough. There is still some ranching done, there. It extended on toward the west. I think, this area is about south of Swift Current, and covers where our large pasture of 110,000 acres is now, and then extended along the boundary line, a narrower strip south of Shaunavon and then it takes in all the area around the Cypress Hills and around Medicine Hat, which is known more or less as the cow country. It extends out into different strips to Alberta along the American boundary to the foothills where the ranching is still actually carried on. The report indicated that as ranching land at that time.

Mr. Gardiner was referring to the map on page 441 of Volume II of *History of Prairie Settlement and "Dominion Lands" Policy* by Morton and Martin, (Toronto: The MacMillan Company of Canada, Limited, 1938).

The area which the Minister indicated is enclosed by a line upon the map starting from the International Boundary at Range 16, W2nd (approximately south of Weyburn, Sask.) and running diagonally in a North-Westerly direction to Range 8, townships 28, West 3rd (in the vicinity of Outlook, Sask.) and thence in a due Westerly direction at Range 28, passing somewhat south of Kindersley, Sask., and slightly north of Alsask, Sask., slightly south of Drumheller, Alta., to the mountains at township 16, Range 28, W. 5. From this point the line follows the British Columbia-Alberta boundary back to the International Boundary at the 5th meridian.

Now, having pointed that out I just want to indicate what the position is on these lands, and while I am at it I might show you here another map of Alberta which bears out what the Alberta government afterwards did. They marked out special areas north of Medicine Hat up toward Hanna. The record I have here gives an indication of what happened to all these lands.

I may say this book I am quoting from is a book written by Morton and Martin. Morton is professor of history in Manitoba university and Martin is professor of history in Toronto university but was at one time professor of history at Manitoba university. In this table they show what happened to the 203 million acres that I spoke of: 56 million acres of it were homesteaded.

Mr. WRIGHT: Under the dominion government?

Right Hon. Mr. GARDINER: Yes, much under the Canadian government. I think all of this 56 million acres was under the Canadian government.

And that includes the military homesteads. At the end of the first war you remember there was a special provision made that took the lands out of ordinary homesteading and put them in the position where military men had first chance at them. The total there is 56 million acres in round figures. The area granted to railway companies was 31,700,000 acres. We usually speak of it as 32 million acres. The land which was still under grazing lease in January of 1928, which was just about the time the resources were turned over, was an area of 6,200,000 acres. The land which was in forest reserves and parks, which we are not concerned about under this Act, was almost 26 million acres, and then the only other large area is the area reserved for forestry parks and pulpwood purposes, that is about 6 million acres, and the other large amount is an area undisposed of, an area that is already surveyed but has been undisposed of, and it is part of this area we are concerned with when we are drafting this amendment, that is 23,167,000 acres.

Now, the point I wish to make is that we had federal legislation on the statute books which provided for railways getting land grants if they built railways in different parts of Canada. The last grant was made in 1894, and the railways were given until 1908 to select the lands that they were going to claim as a result of these grants, and they went out and claimed 31 million and some odd acres. During that same period of time free homesteads were allowed, and up till 1896 some 10 million acres had been put in free homesteads. Since 1896, that figure has been increased through free homesteads and, I think, preemptions as well, to 58,225,000 acres. Now, the two figures there, you will see, work out at about 90 millions acres, and then there have been additional amounts up to about 8 or 9 million acres which bring us close to 100 million acres, over 99 million acres of land in that area, leaving out the forests and that kind of thing, which in that area has been taken up for cultivation. But there is only a portion of it which has been actually cultivated or, as we call it, improved, and that proportion would be about 60 per cent or a little better of the total acreage, and it has been, of course, this improved land that we have been concerned about under this Act. We pay on what might be called improved lands. We call it cultivated land. It may be land that is in grain, it may be land that is in seeded pasture that cattle are running on, it may be land that is being summer fallowed, but it is land that is being cultivated. Now, we say under the Act and regulations that if any of this land has once been allowed to go back to prairie—and we define what we mean by going back to prairie: if a fellow just quits working, says the land is no good and says I am not going to work it any more and does that for a year—then prairie farm assistance should not be paid on that land. In other words, these amendments have nothing whatever to do with land which was once in cultivation and is going back into prairie. We do not pay on that land anyway. The only thing that this legislation has to do with is land which on the dates mentioned in the amendment had not been disposed of by the government. Now, when you search for the reasons as to why it had not

been disposed of there are a number. I think Mr. Martin and Mr. Morton expressed the main reasons as I read them in *Hansard*, which I have here, expressed by Mr. Oliver and by others. He expressed them in these words:

It was charged against the Conservative administration of Dominion Lands that they had put an end to the railway land grant system in 1894 only because they had come to the end of eligible land grants of odd numbered sections 'fairly fit for settlement' for the railway companies.

Now, that was the statement made at that time and, I think, accepted by most persons, that there were not any more odd numbered sections that the railways would accept as being of sufficient value to make it worthwhile for them to go ahead and build a railway based on the gift of this land.

Mr. Ross: That statement was in 1908.

Right Hon. Mr. GARDINER: This statement is made in this history on the subject by a person who is presumed to be disinterested; he is a professor of history in the university.

Then he goes on to say this and I presume this is his own opinion rather than the opinion expressed by any others: "It may perhaps be added that the Liberal administration brought the free homestead system virtually to an end in 1930 only because the resources of the Dominion Lands fairly fit for settlement were now also coming to an end." In other words, what he is saying as a historian is, it was pretty well agreed at that time the reason they stopped attempting to get railways built by giving land grants in 1894 was that so far as the odd sections were concerned there was not very much left that was fit for cultivation in the ordinary sense of the term.

And then he goes on to say—and he bases his statement on a lot of information that is in this book, some of which I have read and some of which I have not—he goes on to say that he has concluded that the reasons the Liberals in 1930 decided to give the resources back to the provinces and not go along any further with homesteading were that the even sections that had been homesteaded before which were suitable for cultivation, and the odd sections which had been taken over in 1908 and put under preemptions, had run out too, and therefore, they said: we are not going to have any more homesteads or any more sales of preemptions, and we will turn them back to the provinces. That is his argument.

I showed you a map a minute ago which indicates what the commission said. That was pointed out in 1912, and it bears out all that; it indicates very clearly that the lands inside the black lines are certainly not suited for cultivation because—and he gives as his reason for that—the officials of the land branch of the then Interior Department had surveyed this land and said these particular lands were only suitable for ranching, and they determined that only 100,000 acres could be leased to any one individual, but any amount up to that could be leased, and there were a great many leases. The figures are given.

Mr. DIEFENBAKER: What was the northern limit of that area in Saskatchewan.

Right Hon. Mr. GARDINER: The northern limit at the boundary line between the provinces is right across by the South Saskatchewan River where is crosses at Empress.

Mr. DIEFENBAKER: South of Saskatoon?

Right Hon. Mr. GARDINER: Yes, it is south of Saskatoon; it is about Empress.

That I think is it pretty well. It is north of Calgary, about thirty miles north of Calgary, and right straight across until it strikes Long Lake in Saskatchewan.

Now, the point I am making is this, that first the inspectors of the Department of Interior in Ottawa went out and inspected this land and they said these particular lands should be kept out of cultivation and should be left to ranching under lease. That was done during the time that the dominion government were administering the resources and the lands. Now, on the other question of the suitability of the land for cultivation we decided in 1908 that now that the railways had made their selections of their 32 million acres that all the lands that remained would be thrown open for cultivation, other than these ranching lands, and that they could be taken up either under homesteading arrangements or under a purchase arrangement at \$3 an acre as preemptions, and I think about 5 million acres of that land was sold under the preemptions. In other words all this land about which there was some question was submitted to settlers who were going in, they were given an opportunity of taking up whatever they thought was fit to live on, and in many cases they took that land up because they were able to lease a piece of land alongside of it that they used as pasture and with the pasture and the land which they themselves owned they were able to make a living, and it was on that basis they went in there. Now, the picture as we see it is this: at the time that we put this legislation on the statute book there were lands which had been disposed of, first by the federal government and then from 1930 down to 1939 there were lands that were disposed of by the provincial governments, and we are saying that no matter how they were disposed of or no matter what may be thought about it we are prepared to assume some responsibility to the federal treasury for prairie farm assistance paid until such time as these people can be resettled in some way or other. They may be resettled, by giving them more of this ranching land about them, or they may be settled by taking them off a piece of land that is in pasture and putting them outside of pasture, making it possible for them to raise feed for their livestock.

Now, I think the question Mr. Nollet has in mind comes up just there. To take the large pasture which was known as the Burns pasture south of Cadillac—between Cadillac and the boundary south of Swift Current—will picture it to many of you; that is 110,000 acres. If any member around this table were to go across that 110,000 acres, he could walk down into a valley and pick out one of the best pieces of land he had ever seen, and that piece of land would grow a crop most years. In other words it is rolling land and a lot of it is heavy clay land, and when water falls on it it runs off the heavy high land very quickly and down into the low places. It is those well grassed valleys that makes it good land, but that is what makes it land that you can run stock on as a ranch. What the government has done with regard to that land is to take it over from Burns. We bought out what he held, we put a permanent fence around it and we made it possible for the people who were living outside that fence to put their livestock inside the fence at no capital cost to them and then farm on the lands that are outside the pasture. They are able to get along on that basis. We have agreed to do that with any or all of this land that is in that area, land that many different authorities have described as not fit for cultivation, and we could not do that unless that land is kept so well intact that there are enough of these valleys, enough of these good spots to make it possible for cattle to be carried over in the poor years as well as in the good years. We do not desire to take part in the financing of any plan which may result in bringing into cultivation these lands which have been condemned so often, not only by ourselves but even by provincial authorities later on, after they had taken them over. This land was not acceptable as land that people should be allowed to homestead. If people should go on freely buying or leasing it, we do not think

that under this Act we should say to these persons: well, now that you are on there we must take care of you. We say to the local authorities or to the individual: if you want to go on to that land and take your own chances, or if you want to put people on there and help them to get along, it is your own affair and your own policy, but we do not think that under this Act we should say to them: now, go on there and after you have gone on you are going to get prairie farm assistance, two-thirds of which is paid out of the treasury and the other third by grain farmers.

The area on which prairie farm assistance is paid starts at the American boundary and runs up to about Battleford in most of the years. The east and west boundaries follow closely the lines which were shown on the map with regard to these acreages a few months ago. Almost every year of the ten the drought has persisted in the area we were warned by every authority to keep out of here.

Now, all we are suggesting is that we could not, either ourselves or have anyone else putting people on to that land mainly because they can get from \$200 to \$500 under prairie farm assistance. If they want to go on that land in spite of the fact that they are not going to get P.F.A.A., either because they have some arrangement with the province or the municipality or some arrangement with their neighbours, if that is what they want to do, and then they do that deliberately, well, that is their affair and the affair of the province, it is not ours. But in so far as paying on land which everyone has decided is not suitable for agriculture and therefore is still owned by the government, we do not think we should induce people to go on to this land, and we say so under this amendment, and that is all we are saying; and if it does say anything else we would like to have suggestions to have it changed further. But so far as the government is concerned we have pretty well established in our minds that we cannot continue to do that and if we do, that is going to result in criticism being made of our legislation which eventually will run us into difficulties and run the people we are trying to take care of into difficulties too.

That is all I have to say at the moment. Are there any questions?

Mr. WRIGHT: One question regarding that Act; is it not right you have paid prairie farm assistance outside of the lands you have suggested there?

Right Hon. Mr. GARDINER: Oh, yes, and I should have said there were years when it ran up past Battleford to near Meadow Lake. If I had the map here to show it you could see there are areas for five, six and seven years, and you would see a certain area is covered by seven years, and a very considerable part of it is covered by the ten-year map. In other words, we have paid in these areas every year. I think the governments agree with us—I know Alberta does—and Mr. Nollet will tell you what he thinks. We consider it is not a good policy generally speaking to put people on these lands which have been admitted to be submarginal.

Mr. DIEFENBAKER: How many have moved into the areas such as you have designated within the last two years?

Right Hon. Mr. GARDINER: I do not know about the last two years.

Mr. DIEFENBAKER: Within a year?

Right Hon. Mr. GARDINER: I think Mr. Nollet has the figures to indicate there may have been some 4,000 taken care of altogether, the greatest number of which are returned soldiers. I think it may be about 1,400 who were not.

Mr. Ross: The Act does cover entirely the three prairie provinces, does it not?

Right Hon. Mr. GARDINER: Yes.

The CHAIRMAN: I do not wish to stop you asking questions, but I have promised Mr. Nollet a chance to address the committee and I think he should have that chance. He has come a long way and I think we should hear him now.

Mr. WRIGHT: I agree, but there are two short questions I wanted to ask with regard to school lands, which may be of interest to Mr. Nollet.

Right Hon. Mr. GARDINER: That is eliminated under your amendment.

Mr. WRIGHT: That is the point; are all school lands which may be brought in from now on eliminated?

Right Hon. Mr. GARDINER: No, all school lands are left in under the Prairie Farm Assistance Act no matter when they were disposed of.

Mr. WRIGHT: No matter how or when they were disposed of?

Right Hon. Mr. GARDINER: Yes.

Mr. CRUICKSHANK: Is there any objection to making this all-inclusive, to include all the provinces of Canada?

Right Hon. Mr. GARDINER: The one objection is that it was only in the prairie provinces we ever had control of natural resources. The natural resources in all the other provinces were under the control of the provinces, but in the three prairie provinces up until 1930 we had control, and the prairie provinces have been able to place some responsibility on us for having done things we should not have done, and have said we should right them.

Mr. CRUICKSHANK: Why not make it inclusive of all provinces? We in the province of British Columbia would like the same benefits; we would like all provinces to have it.

The CHAIRMAN: I think we should leave that.

Gentlemen, it now gives me great pleasure to introduce to you Mr. Nollet, Minister of Agriculture for the province of Saskatchewan. Mr. Nollet.

Hon. Mr. I. C. NOLLET: Mr. Chairman, the right hon. minister and hon. members, I want to say first of all we appreciate the opportunity of being able to make a presentation to the Committee on Agriculture with reference to this matter. We have prepared a very small brief in connection with our presentation and before reading this brief I would just like to say I was very much interested in Mr. Gardiner's historical review of the background of the present Prairie Farm Assistance Act. I want to say this most emphatically: we are only here for one purpose and are only making representations in connection with land that has been very carefully classified by experienced farm men in our lands branch on which cultivation leases have been issued on a thirty-three year basis. That is the sum total of our representations to this committee today and I want to add we are heartily in support of any concrete move that will result in solving some of the basic problems that make agriculture so unstable and difficult in Saskatchewan not only from the provincial government view but also the recurring expenditure of public money on the part of the dominion. To that extent we have endeavoured to co-operate to the full in all dominion policies, particularly the prairie farm rehabilitation policy which strikes at the root cause of our problem.

Now, Mr. Chairman, having said that, I would like to read this brief to your committee, and I will give you a copy for your own use and after I have read this brief, if all has not been said, I shall be very pleased to answer any questions in connection with this matter that may have raised doubt in the minds of any members. For that purpose I have brought with me the Director of Lands, who was in charge of the Land Utilization Board previously, a board set up for the purpose of taking submarginal lands out of cultivation

and putting them to proper use. I want to say that in the lands branch we have had a whole lot of difficulty and expense, and we have taken on extra staff, people well qualified for the job, to put the land to its proper use.

In bringing in the thirty-three year lease policy the first object was the proper use of the land and the second object was to lease this land on an equitable rental basis, based on the productivity of that land, which would encourage the lessee to practise good soil husbandry.

The brief is as follows, and it is a brief of the Saskatchewan Department of Agriculture with respect to Bill 209, Second Session, Twenty-First Parliament, 14 George VI, 1950, of the House of Commons of Canada, an Act to amend the Prairie Farm Assistance Act.

I should mention too that the amendment suggested by Mr. Gardiner has met our problem in so far as school lands are affected, but it still leaves provincial lands, which in many cases may be suitable for cultivation purposes. At any rate our brief, I think, is applicable although I recognize some of our requests have been met in part. We say:

Class (c) of Section 1 of Bill 209 if enacted will exclude from the operation of the Prairie Farm Assistance Act certain lands farmed under lease from the Saskatchewan Department of Agriculture excepting such of these lands as are leased to veterans who have received assistance under Section Thirty-five of the Veterans Land Act 1942.

To ascertain the effect of the proposed amendment, if enacted, one should have knowledge of the acreage under lease by the Saskatchewan Department of Agriculture for general farming purposes.

About 916,000 acres administered by the Saskatchewan Department of Agriculture are leased, under 33 year agreement, for a combination of cultivation and grazing.

In a sense an exception has been made of school lands and I would say that the greater part of this 916,000 acres is school land. Is that not correct, Mr. Thomson?

MR. THOMSON: Yes, about two-thirds.

HON. MR. NOLLET: Out of that 916,000 total there have been only 641,000 acres that have been classified as arable. In other words, only 641,000 out of 916,000 acres can be put under cultivation. This does not include range leases or leases allocated for grazing purposes. These are only lands on which cultivation leases have been issued and are under the thirty-three year agreement.

The agreement provides that portions classified as unarable by the lessor shall not be cultivated for the purpose of growing grain crops, 69 per cent of the total 916,000 acres is classified as arable and 31 per cent can be used for pasture purposes but must not be kept under cultivation.

Examination of a map, prepared by the Department of Agriculture of Canada, which shows the number of bonus payments in each township, and checking the map with a list of these leased lands reveals that more than 66 per cent of the total acreage is situated in townships where payments have been made in five or less years since the advent of P.F.A.A.

While the acreage leased to veterans, who come under Section (35) of the Veterans Land Act, would not be affected by the proposed amendment, more than 50 per cent of the total number of lessees, and this group includes certain veterans as well as non-veterans, would be deprived of assistance under the P.F.A.A. insofar as a crop failure on their leased Crown lands was concerned.

The Saskatchewan Department of Agriculture considers that the proposed amendment would cause an unfair and unjust discrimination against these lessees and would not be in keeping with the spirit of joint Canada and Saskatchewan

programs for the purpose of stabilizing prairie agriculture. The Agricultural Committee of the House of Commons, therefore, is asked to give careful consideration to the following:

1. Regardless of the location of Saskatchewan Crown land under a 33 year lease for general farming purposes no land which is considered by the Department to be unarable is made available for cultivation purposes, regardless of where it may be in Saskatchewan.

2. The majority of 33 year leased lands which would be affected by the proposed amendment are partial units only. These partial units are essential parts of the farms of the lessees and if the lessees did not have them their units would be uneconomical and the lessees would not be self sufficient to the extent they now are.

3. The Saskatchewan Department of Agriculture during the next two or three years, plans to lease about 200,000 acres of new land considered to have a high percentage of arable portions, to farmers who need to be rehabilitated.

Hon. Mr. NOLLET: Those 200,000 acres, for the benefit of the committee, will be in the northeast part of Saskatchewan where prairie farm assistance payments are practically unknown. Those 200,000 acres of additional land will therefore contribute to the prairie farm assistance fund.

4. While the proposed amendment would exempt the lessees of partial units and the lessees of new rehabilitation units from assistance under P.F.A.A. in years of crop failure these same lands will be high producers and the crops therefrom will be subject to compulsory deductions contributed to P.F.A.A. funds.

5. If the proposed amendment were enacted a lessee of arable land from the Saskatchewan Department of Agriculture would be excluded from P.F.A.A. and a lessee of unarable land from a private owner would receive aid in crop failure years.

6. The Land Disposition Policy of the Saskatchewan Department of Agriculture is aiding in the stabilization of agriculture in Saskatchewan.

Now, I am coming to the figures for unpatented provincial land.

The following dispositions of unpatented provincial land as at March 31, 1950, reveal how this program is working out:

	Acres
Leased for cultivation	641,388
Leased for grazing and hay	5,087,733
Included in P.F.R.A. community pastures	172,937
Included in Provincial community pastures	193,323
Included in other Provincial projects	15,780
Reserved for proposed community pastures	174,080
	<hr/>
	6,285,241
	<hr/>

In addition to the above lands which never have been privately owned the Saskatchewan Department of Agriculture, controlled as at March 31, 1950, 571,601 acres acquired by the Saskatchewan Land Utilization Board:

I might mention that the purpose of this board was to take over title to submarginal land in order to remove that land from cultivation and we have found, as I think every other agency has found, that the only real control you can exercise over the problem is to obtain title to the land.

The dispositions of these lands are:	Acres
Included in P.F.R.A. community pastures.....	158,044
Included in Provincial community pastures.....	5,360
Included in other Provincial projects.....	14,857
Reserved in proposed community pastures.....	119,040
Reserved for municipalities to sublet for grazing and hay.....	169,755
Vacant.	104,545
	<hr/>
	571,601
	<hr/>

That makes a total of 571,601 acres controlled by the Land Utilization Board that will either go into community pasture or will be taken out of cultivation.

7. The part that Saskatchewan through the Land Utilization Board has played in the development of community pastures illustrates that the Saskatchewan Department of Agriculture is making progress in converting abandoned unarable cultivated land to grass. The Department chose the areas included in P.F.R.A. pastures and has made land available to the P.F.R.A. as follows:

	<i>Acres</i>
Crown land transferred to Canada.....	569,578
L.U.B. land transferred to Canada.....	331,562
Crown land to be transferred to Canada by lease or title.....	172,937
L.U.B. land to be transferred to Canada by lease or title.....	158,044
	<hr/>
Acquired by P.F.R.A. with improvements thereon.....	1,232,121
To be acquired from municipalities.....	15,413
To be acquired from private owners.....	12,849
	<hr/>
	55,537
	<hr/>
	1,315,920

The 55,537 acres that are presently owned by private people are within community pastures and for the benefit of the committee I might mention that the larger percentage of that acreage is owned by the C.N.R., so apparently the railway companies did get some of this submarginal land when the grants were made to them, and in fact they got a lot of it, and indeed that is one of our problems in Saskatchewan.

In conclusion the foregoing information clearly indicates that during recent years the Saskatchewan Department of Agriculture has been judiciously disposing of lands for the purposes for which the lands have been found suitable when classified. The Department, therefore, does not consider land which it disposes of for cultivation in order to set up a new economic unit or to add to a partial unit in order to make it economic should not come under the P.F.A.A. the same as deeded land which an occupant controls by way of a lease agreement. The Department is of the opinion that its lands under 33-year lease agreement will make substantial contributions to P.F.A.A. and the lessees should receive assistance to which they should be entitled and thus have whatever degree of security which may be obtained from this source.

That concludes my brief, gentlemen, and I might add just one thing further in connection with the thirty-three year cultivation leases: these leases become taxable and come under the direct jurisdiction of the Saskatchewan Assessment Commission. If any of our lessees complain because of excessive assessment the Saskatchewan Assessment Commission will go in there and re-assess that land and if it should be found in a category not suitable for cultivation it will be taken out of cultivation. In other words, I assure the committee that the Saskatchewan Department of Agriculture is very conscious of the whole problem. We have plenty of headaches ourselves; we do not appreciate having to furnish seed to people who have had nine crop failures in ten years. We are just as much concerned, and you can be sure the Saskatchewan Department of Agriculture will contribute 100 per cent. We will co-operate with both hands to that program of overcoming some of our major agricultural difficulties in Saskatchewan.

Mr. Ross: First of all I would like to offer my congratulations to you, Mr. Chairman, on your election to the chairmanship again. This has been my first opportunity to attend a meeting of the committee but as some of you know, the chairman and I used to sit as presidents on the municipal unions in our respective provinces.

The Minister of Agriculture has given an historical account which was very interesting to us, and the hon. minister from Saskatchewan has given a very good account of conditions there.

I was very much interested in reading a speech by the right hon. minister last winter where he stated there was a real problem with a lot of people dry farming in southwestern Saskatchewan who should be moved out under P.F.R.A., and that it was not good business for them to continue as they were. I think that is right, is it not, sir?

Right Hon. Mr. GARDINER: Yes, that is right.

Mr. Ross: In respect of that I have a very interesting return, a sessional paper. I was the mover and the questions were:

1. Under the Prairie Farm Assistance Act, 1939 to date, what amount of money has been deducted from sale of grain at 1 per cent, and paid into fund by the producers within the provinces of (a) Manitoba; (b) Saskatchewan; (c) Alberta?

2. What amount of money has been or will be paid out, 1939 to the end of the 1949 crop year, to producers by provinces under the Act?

3. How many townships or part townships in each province have qualified for payments under the Act during 1949?

4. How many of the same townships, by provinces, have qualified under the Act since and including 1939, (a) 2 years; (b) 3 years; (c) 4 years; (d) 5 years; (e) 6 years; (f) 7 years; (g) 8 years; (h) 9 years; (i) 10 years?

Answer of Department of Trade and Commerce

1. (a) Manitoba.	\$ 7,282,403.06
(b) Saskatchewan.	24,607,978.74
(c) Alberta.	13,109,306.60
Unallocated	
as at December 31, 1949.	9,198.91

Answers of Department of Agriculture

1. Being answered by the Department of Trade and Commerce.

2. Manitoba.	\$ 2,547,590.77
Saskatchewan.	94,884,155.58
Alberta.	26,444,884.05

\$123,876,630.40

3. Manitoba.	82
Saskatchewan.	1,731
Alberta.	1,126

4. Manitoba. (a) 23; (b) 9; (c) 8; (d) 5; (e) nil; (f) nil; (g) 1; (h) nil; (i) nil.	
Saskatchewan. (a) 42; (b) 114; (c) 136; (d) 193; (e) 294; (f) 329; (g) 294; (h) 162; (i) 44.	
Alberta. (a) 152; (b) 109; (c) 64; (d) 58; (e) 71; (f) 71; (g) 121; (h) 177; (i) 41.	

I think that is a rather significant lot of information and fits in with the history we have heard this morning.

Now, I wish to deal with some points made by the hon. minister from Saskatchewan, because while Manitoba is much less affected than the other two provinces, we have many of the same situations you have in your province

about future school lands which may be taken care of and provincial lands. Our department in Manitoba has set aside property for veterans and up to date civilians could not buy that land, but they have set up land for settlement in Manitoba and I do hope assistance is provided.

Now, I know the operation of this Act is difficult, but we have been trying to get it down as much as possible to an insurance scheme for the individual farmer. I could give you a concrete example now and it is opposite to what the hon. minister pointed out, all with the very best of intentions on the part of everybody, municipal, provincial and federal. We have, for example, one particular project which comes to mind in connection with the flooding of the Souris river. Our Souris river winds around and passes through the corners of four townships and the river winds in and out through these four corners. Last year only one of these townships qualified for crop failure assistance. The other three lost just as much but did not receive any assistance at all so there were a great many hardships. I do realize this is a difficult matter, but I wanted to make that point clear because we have great difficulty in pointing out to these people that they cannot receive the bonus under P.F.A.A. There are all those difficulties to contend with, and I want to add further, and I think the minister from Saskatchewan made the point too, there was a bit of duplication of public federal funds being spent under P.F.R.A. where the P.F.A.A. are rather working against them. If I understood the Right hon. minister right, I believe those people are still remaining in large community pastures, and I know about the difficulty of removing them. Did I understand the Right hon. minister to say they were still qualified under P.F.A.A.:

Right Hon. Mr. GARDINER: No, they do not qualify for payment.

Mr. Ross: There are large areas there where the people should be moved and that was the spirit I read into the speech delivered by the hon. minister from Saskatchewan; that these people should be moved out because there is a tendency for them to stay there. The minister pointed out they would get a few hundred dollars every year if there was a crop failure. I am afraid we will have to deal with that situation and straighten it out. I do not want to be misunderstood, I am in favour of the P.F.A.A., but I think we have to avoid duplication in the expenditure of public money. They have done a magnificent job, but we have to be careful not to have duplication in future.

Right Hon. Mr. GARDINER: There is one thing I would like to point out. On the first page of the brief in paragraph 5, it says that while the acreage leased to veterans who come under section 35 of the Veterans' Land Act would not be affected by the proposed amendment, more than 50 per cent of the total number of leases, and this group includes certain veterans as well as non-veterans, would be deprived of assistance under P.F.A.A. in so far as crop failure on their leased Crown lands is concerned.

The only case in which I could see that would happen would be where just because a man happens to be a veteran it does not bring him in; he has to come under the Veterans Land Act. If a veteran leases a piece of land from the provincial government without reference to the Veterans Land Act he is just another individual. What I would like to point out is that he has the opportunity of coming in under the Veterans' Land Act and still being subject to payment under this Act.

Mr. Ross: If he takes the land under the Veterans' Land Act?

Right Hon Mr. GARDINER: Yes; that is his business.

Hon. Mr. NOLLET: I would like Mr. Thomson to clear up that point.

Mr. THOMSON: Mr. Chairman, in connection with this point there are leases of provincial land given to veterans who are established under the Veterans' Land Act under section 9, where they purchased land and had already

received their grants. The lease that was given to them by the province does not then come under section 35 of the Veterans' Land Act, it is a lease given to them of additional land in order to have a better unit. There are instances where land has been purchased under the Veterans' Land Act for the veterans, and they have suggested to us they take an additional quarter-section of provincial land suitable for cultivation.

Right Hon. Mr. GARDINER: He has it under the Veterans' Land Act.

Mr. THOMSON: He received the first purchase under section 9, but then this other one-quarter section of provincial land does not come under the Veterans' Land Act at all. He does not get the same lease he would get where he leased from the province under section 35 of the Veterans' Land Act and under the provincial Land Act, in order that he might qualify for a grant from the dominion under the Veterans' Land Act.

Right Hon. Mr. GARDINER: If I understand you correctly, the man buys one-half section or a quarter-section under the Veterans' Land Act and leases another quarter-section from you, which may be right alongside it, and what you say is he should come under section 1 as well.

Mr. THOMSON: Yes, that lease does not come under section 35 of the Veterans' Land Act.

Right Hon. Mr. GARDINER: He would be affected if he has not enough to qualify for his two hundred acres in the first place.

Mr. THOMSON: I am speaking of the case, sir, where he may have, say, one-half section and we lease him a quarter-section. If my understanding is correct, does he have to have four hundred acres under cultivation before he can qualify for the maximum of four hundred?

Right Hon. Mr. GARDINER: Yes.

Mr. WRIGHT: Also if he bought land under section 9 of the Veterans' Land Act, which is the section whereby a man can purchase on his own, he would not qualify at all.

Right Hon. Mr. GARDINER: It would not matter whom he bought from. If he bought land from the province under that Act he would come under it.

Mr. WRIGHT: Only if he bought it under section 35.

Right Hon. Mr. GARDINER: No, under the Veterans' Land Act.

Mr. THOMSON: We can imagine a hypothetical case where the veteran comes back and takes over a one-half section of land and leases from his father a quarter-section; he would not get it either. He is in the same position as the veteran who buys under the Veterans' Land Act. He gets one-half section or whatever size of parcel they consider best. He has obtained all the grants and assistance he can qualify for under the Veterans' Land Act, but it is decided to give him an additional one-quarter section because that is considered the best disposition that could be made of that land.

Hon. Mr. NOLLET: We have had cases where the people have said, "We will buy this land provided we can get this Crown land next to it."

Mr. WRIGHT: What are the terms of your lease?

Mr. THOMSON: It is a thirty-three year lease and crop sharing is based on the fertility of the land running from one-sixth on the very best to one-tenth.

Mr. ARGUE: Mr. Chairman, I would like to join with these others who have congratulated you on being elected chairman this year. Our relations in the past have been happy and I am sure will continue to be so in future.

I listened with a great deal of interest to the right hon. minister, Mr. Gardiner, giving his history on land settlement and the responsibilities of

the different governments to that end. I am sure we all agree with him, particularly those of us from the west, that there is a continuing responsibility on the federal government to the people who were settled in that area of western Canada which is subject to drought from time to time. I agree too with the Saskatchewan Minister of Agriculture that their program is right in so far as the provincial government is concerned, namely, that all lands under the control of the provincial government should be allocated to their best use. We are all, I am sure, grateful that we have an Act like this, but we do feel that we are entitled to it. There have been improvements made from time to time in the past and as far as I can remember most amendments have received our support.

Now, I just want to make a point qualifying the wording of this new clause (c). If I read it correctly it does change the original bill by even more than the further additions. As has already been pointed out, while veterans under the Veterans' Land Act are eligible for payment, veterans will not obtain payment on land leased from the provincial government in addition to whatever land they may have obtained under the Veterans' Land Act. It exempts special areas in Alberta and I think that is an improvement and it exempts co-operative farms as such, and school lands.

Now, as I understand the bill, the first clause of the bill when it was originally drafted was that land leased from the municipality, the provincial government or the dominion government was not eligible for prairie farm assistance with the exception of land taken under the Soldiers' Settlement Act. Now, the new clause (c) reads as follows:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
- (ii) lands in a Special Area in Alberta as constituted on the said third day of June by or under The Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

Now, that seems to say this to me, and I am asking the minister if I am correct, that if any one of these three governments owned land prior to January 3, 1939, and between that date and this date they sold that land under the freehold title, the purchaser of that land will not be now eligible for payment, whereas in the way the clause was originally drafted the province or the dominion or the municipality continued to have the right to sell the land and the purchaser of the land continued to have the right to draw prairie farm assistance the same as anyone else. If the provincial government sold land within the last ten-year period, or if they sell land in the future, will the purchaser of that land be eligible for prairie farm assistance?

Right Hon. Mr. GARDINER: If they have sold land any time since the 3rd of June, 1939, this amendment says that payment is not made on that land, subject to the last five conditions. If they sold the land under the Soldiers' Settlement Act to veterans it is paid. If the land was provided for in the special

areas in Alberta, or if the land is approved by the board as being proper land to go into a co-operative farm association it is paid. In other words, the only thing they would be concerned about is whether it would be suitable land; that comes in, and any school lands that have been sold come in. If the P.F.R.A. makes an arrangement with the provincial government for handling of land in a manner which would permit it, it comes in. In other words, the land which is eliminated is the land which the government sells to somebody or leases to somebody, to which they held title in 1939.

Mr. ARGUE: If a man in 1942 purchased land from the provincial government and does not come under any of these five parts, he is not eligible for prairie farm assistance?

Right Hon. Mr. GARDINER: That is right.

Mr. ARGUE: I want to object to that in the strongest possible terms. I do not think a man who purchases land from the provincial government or any body else in the last ten years should be discriminated against. You are taking one per cent from him and you are continuing to take it, but you say because he purchased land from a governmental body he cannot obtain payment. When the minister was discussing this in the House I thought he was dead set against the lease policy, but as I read the new amendments he is discriminating against people who purchased land on the basis of freehold title, and if I might bring a little philosophy into it, that to my mind would seem a free enterprise system of dealing with land. I do not object to it, and I do not object to the lease method of dealing with land. I think there is room for both, and certainly I would not suggest a change so that people should have land on a free title basis rather than a lease basis, but now the minister is saying if you lease land in the future, that is new land that is opened up, and you cannot get the bonus.

Right Hon. Mr. GARDINER: Only in case it wasn't opened up before 1939.

Mr. ARGUE: Now, if land is opened up in the northeast part of Saskatchewan and sold, then the people who purchase that land will not be eligible for payment because that land was held by the government previous to June 3, 1939. The Minister of Agriculture here is saying to the provincial governments, "You have to keep your land under the thirty-three year lease basis because if you sell it the individuals will not become eligible." Putting it under the thirty-three year lease does not bring it in unless he is a veteran.

Right Hon. Mr. GARDINER: The thirty-three year lease does not bring it in unless that is an equivalent.

Mr. ARGUE: Yes, or a co-operative farm. Now, let us take a case in Alberta. A certain area is set up on a co-operative basis—although it is not free enterprise I am all for that basis—although if in Alberta it is agreed that those farmers should have a right to purchase that land, well, I think they should have a right to receive a bonus the same as co-operative farmers taking it on a lease basis since they have still to pay the one per cent. I would like to know why the minister is exempting it under the free hold basis.

Right Hon. Mr. GARDINER: I admit there is a change in the wording which leaves out lease and deal with the land as such and it was what we had in mind, what we were trying to do when we started, but my honourable friend's criticisms in the House indicated to me that may be he had something.

Mr. ARGUE: I did not want you to go this far.

Right Hon. Mr. GARDINER: And we tried to word it in order to take care of it. The position which is taken here is, that the federal government is prepared to accept on behalf of the taxpayers of Canada the responsibility for the decisions which the federal government have made, and government after government warned people this land is not good, you better not go on it; but we say, even in spite of that, we did let them go on the land they are on it,

and every person who is in that south country has had the opportunity, ever since he went into it, whether in 1900 or 1914 or after, to buy any land that is round about him, he has had the opportunity to homestead any land that is round about him, but he himself has decided that the land is not good enough. He says; I do not want to buy it, I do not want to even homestead it, neither does any of my family want to homestead it; and so it stayed there in that position up till 1930. The provincial government then took that land, and the first government of which I know something—the province of Saskatchewan—decided to try and sell that land, they put it up for sale, but none of it was bought. We came back in 1934, and we put lands up for homesteading, and they were not homesteaded. Now, in 1939 they were still there, five years after that, nobody thought they were good enough to want to take them up. Now, we brought in an Act in 1939 which makes it possible for a man to draw \$1.50 and up to \$2 an acre on this land if he cultivates it and he get either a cultivation lease or he buys it,—I do not care which way he handles it,—he gets it subject to an inducement which he has in this Act. The figures which were quoted to you this morning indicates that 900,000 and some odd acres have gone back, some 600,000 into cultivation, but the other one-third, the land they can pasture attached to the other, and that is the way we all farm—

Mr. ARGUE: Has it gone back into cultivation?

Right Hon. Mr. GARDINER: Some 600,000 acres have gone back into cultivation, a great deal of it to veterans, some 200,000 acres, I understand, is land which under this Act is land which could not be paid on.

Now, the fact remains, however, that 600,000 acres of these lands that everybody prior to 1935 agreed were not fit for cultivation are now being cultivated, and one of the reasons why that land is being cultivated is that they get a \$2,300 grant under the Veterans Land Act, and another reason why it is being cultivated is that we undertake to pay them from \$1.50 to \$2.00 an acre to farm it.

Now, I am saying we may justify it with regard to returned men who want to live near their families, but it is a little difficult to justify it in regard to other people, and you even have to stretch it a bit for returned men. If there is any discrimination in this it is discrimination in favour of returned men. We do not object to that but when other people come on the land then we think there must be a better reason than that. I am concerned a little myself about the returned man, his \$2,300 will run out a lot quicker than he thinks, and when his \$2,300 has gone he may want a good farm. We may not be doing him a favour in doing this, but everybody wants it that way and we are doing it and I make no excuse for saying that this is the policy on lands that were declared by some three or four different tribunals to be unsuited for cultivation and should not be encouraged to come under cultivation.

Mr. JUTRAS: I just wonder if the minister has any idea of how this amendment will affect the province of Manitoba? What I am thinking of is that we in Manitoba have had, and I have always contended that we have had, rather small benefits out of this Act.

The CHAIRMAN: Pardon me, if you are going to speak about Manitoba—

Mr. JUTRAS: It is on this particular question. We have heard the story about Saskatchewan and I want to protract that into Manitoba.

The CHAIRMAN: It was only on account of Mr. Nollet—

Mr. ROSS: You are making a comparable point, Mr. Jutras?

Mr. JUTRAS: Yes, a comparable point to this. Now, we have had the round figures. On the whole we get back about one half the money we put in; Saskatchewan gets back three times more than they put into this fund. What I would like to get is an idea of how this amendment will affect Manitoba. For instance,

some of the land or most of the land that is now benefiting under the Act is to be taken out by this amendment. Will it be that this will make the situation even worse in the province? If so, my attitude naturally would be affected. Has the minister any idea, has it been discussed, or what has he in mind? Has he any idea on how it will affect the province of Manitoba?

Right Hon. Mr. GARDINER: The province does not think it does or it would have been represented here. I do not think it does. I do not know of an acre in Manitoba that is affected by this. There may be some, as the member from Souris mentioned a moment ago, and that is taken care of. That is, the Manitoba government still has some lands they want to settle and they refuse to let anybody else settle them until they take care of returned soldiers. If they take care of returned soldiers on this land it is still under this Act, there is no question of that.

Now, you have these small pastures; which the Manitoba government has the administration of. We helped set them up. If, in setting up one of these pastures they want to move somebody and they have a piece of land they want that man to settle on outside the pasture fence, they enter into an agreement under subsection 5 of this section and that is done, and they are taken care of. I asked Mr. Nollet the terms of the lease: the terms of the lease are one-sixth or one-tenth of the crop. If the crop is a good crop it is one-sixth, I presume. Well, a good crop is twenty bushels to an acre and one-sixth of twenty bushels comes to about three and a half bushels and at \$1 a bushel that is \$3.50 and I think that one of the methods by which prairie farm assistance can be taken care of is to say in a poor year that they are not going to charge for any rent and that is a matter that can also be dealt with under the thirty-three year lease.

Mr. ARGUE: But in a poor year there is no rent, there is a poor crop.

Right Hon. Mr. GARDINER: Why should the provincial government get rent on land that is not suitable for cultivation? I think there could be some justification, with respect to this land that everybody has declared is not suitable for cultivation, for letting a fellow who lives alongside of it have it and cultivate it, and telling him: you do not need to pay rent, and nobody is going to pay you if you do cultivate it but if you let enough cultivate it you will have that country blowing away in a short time.

Mr. WRIGHT: As a matter of fact, the basis of the share of the crop is not the growth of the crop that year; it is based on the amount of the crop which is grown in that particular year. The minister made the point that 641,000 acres had gone back into cultivation—

Right Hon. Mr. GARDINER: No, I assume that that has come into cultivation for the first time.

Mr. WRIGHT: You are assuming they came into cultivation, but according to the figures I have, 499,000 acres of those 641,000 are school lands; only 142,000 of them are provincial lands and in the 142,000 acres there will be a considerable amount of veterans' land, so in actual fact all that 641,000 acres that is now under cultivation was not under cultivation before. We will still be paying P.F.A.A. on 75 to 80 per cent of it under the amendment we are proposing at the present time. The other point I want to make is this, that any one who has purchased provincial land since 1939 purchased that land in good faith that he was going to get P.F.A.A. That was the law at the time they purchased the land, and now we are saying in this Act, retroactively, that he shall not receive P.F.A.A. from now on. It seems to me that is retroactive legislation, something that the individual purchaser did not take into account when he was purchasing the land, and I would object very strenuously to retroactive legislation. The other point is that of the 200,000 acres which the provincial government is proposing to bring

under cultivation, is all in the northeastern part of the province in the Carrick river valley or north of the main C.N.R. line that goes through Sturgess and that area there. Normally, very seldom will there be P.F.A.A. on it, but nevertheless it will be subject to the one per cent levy. Now we are saying that it does not matter what should happen there, even if once in twenty years it happened they should have a crop failure, they do not come under P.F.A.A. but they will have to continue to pay the one per cent levy on a large volume of grain grown. There is a large volume of grain grown in that area, and it does not seem to me to be fair that you should collect a one per cent levy on land which you said you will never pay P.F.A.A. on. I think it would be much fairer to leave them under the P.F.A.A. because they will not collect probably once in twenty years and probably not even then.

Hon. Mr. NOLLET: Just one thing and I think we will be through in this committee. I would just like to make an explanatory comment with reference to the 641,000 acres that apparently has come under cultivation since 1939. As Mr. Wright mentioned, and as we mentioned in the brief, most of that is school land. Therefore, there would be a small part of that which would be provincial land on which P.F.A.A. is paid, but we only make the representation with respect to lands that have been carefully classified; and I can say this, that on all of the 641,000 acres of arable land, either school or provincial, they have thirty-three year leases, and proportionately these crown lands pay more than any other lands in the province contributing to P.F.A.A.

Mr. LEGER: By whom were these lands classified?

Hon. Mr. NOLLET: I will let my director of lands make a statement on the classification.

Mr. LEGER: Was it by a federal or provincial board?

Mr. THOMSON: With respect to lands leased by the Saskatchewan Department of Agriculture, before any parcel of such land is leased it is carefully inspected and classified according to the system of classification of lands used today in Saskatchewan. The developers of that system of land classification were the soil department of the University of Saskatchewan. The Saskatchewan Assessment Commission uses that system of land classification; and land so classified is identified as to soil type of the land. All the factors that affect the productivity of the land are taken into consideration, and after all that is considered, it is determined whether the land is, on the basis of what we know, suitable for cultivation or not. That is done before the land is made available. Now, the Saskatchewan Department of Agriculture is responsible for that classification first, and if the Veterans' Land Act officials want to inspect the land when it is made available to veterans, they likewise classify it. Subsequent to that the Saskatchewan Assessment Commission would classify it. Now, we are in this position in Saskatchewan, with respect to any land we lease for cultivation: there are in some cases three checks and in all cases there will be at least two checks to determine whether that is considered to be arable land. There are lands in all parts of Saskatchewan that are considered by parties to be suitable for grain production regardless of where they may be. There is an area though in the southwest that has not much of that land but even in the southwest we have certain parcels of crown lands that it would be inadvisable to keep out of grain production because you get the maximum of net income from them. The sceptre clays which you have heard about are the outstanding examples. Now, in respect to these school lands a lot of them have been under cultivation before 1939. Some of the contract purchasers of these lands did not make good their contracts and the lands came back to the Saskatchewan government. They were held from the commencement of the war until they could be made available for veterans' settlements.

Mr. ARGUE: Would you mind telling us roughly how many acres of that land were in cultivation before 1939?

Mr. THOMSON: I cannot give you that figure but I would guess that at least 50 per cent of the land that has been made available to veterans has been under cultivation since before 1939.

Right Hon. Mr. GARDINER: And gone back to prairie?

Mr. THOMSON: No, it never reverted.

Right Hon. Mr. GARDINER: What was done with it in the meantime?

Mr. THOMSON: Much of it was leased to civilians who could carry it on with their own farm units knowing they could not acquire it because it was reserved for veterans; that was put on in 1940.

Right Hon. Mr. GARDINER: It is not affected at all by this amendment?

Mr. THOMSON: No.

Mr. LEGER: Gentlemen, we do not understand at all what Mr. Thomson is saying. He seems to be carrying on a conversation with the minister.

Mr. THOMSON: These lands that I am talking about comprise a very considerable percentage of these 641,000 acres which the honourable minister from Saskatchewan was talking about.

Mr. LEGER: May I ask a question? Mr. Nollet said a little while ago that he was going to lease some land, the province was going to lease some land. I wonder if any of these lands are included in the 110,000 acres which had been fenced for pasture by the federal government?

Hon. Mr. NOLLET: No.

Mr. LESAGE: You said that all this land which was under lease had been classified very carefully and it was very good land. If it is such good land, why do you need assistance?

Mr. THOMSON: The point we are trying to argue is that this land is suitable for cultivation and it should be treated the same as any other land which is operated by the owner or which is leased to the occupant; that this land which makes payments to P.F.A.A. should in times of crop failure receive benefits under P.F.A.A.

Mr. CORRY: In connection with this land or land classification do you take into consideration rainfall, the likelihood of rainfall, or are you only basing your classifications on the type of soil?

Mr. THOMSON: The system of classification rates the soil types and the rating of the soil type takes into consideration the climate which affects that land. Now, there are certain soils in the southwestern part of the province—true the frequency is not high, but there are certain soils there that have a good record of reproduction and many of the lands that are under those leases we are talking about have such soils.

Mr. DECORE: I just want to put a question to the minister from Saskatchewan. Has the Saskatchewan provincial government ever been approached by the federal government to make a contribution under this Act so as to take care of some of these farmers who did suffer crop losses but who have found themselves ineligible for payments?

Hon. Mr. NOLLET: No, we have never received any formal request, although it was suggested if we wanted extended benefits of P.F.A.A. certain areas of the province might take some responsibility.

Mr. DECORE: What was your attitude?

Hon. Mr. NOLLET: We feel if we started that it would never end. There would be no place where you could draw the line.

We would get into a mess. We have assumed the responsibility for killing all the grasshoppers and that, incidentally, Mr. Minister, brings the yield up, relieves you of P.F.A.A. benefits, and maybe we ought to have said to heck with the grasshoppers, let them eat it all up, but we did not. In addition, we are taking the responsibility for a lot of other things, furnishing relief, and seed. We are paying now approximately \$3 million odd, Mr. Gardiner, in assuming the responsibility for the old seed grant obligations, paying that off over the years, with interest; and we are pretty conscious of this problem.

Some MEMBERS: It is one o'clock.

Mr. LEGER: Could the Right Honourable the Minister tell us how many million dollars are paid from the Canadian treasury to assist western farmers under both the P.F.R.A. and the P.F.A.A.?

Right Hon. Mr. GARDINER: I would just like to suggest that if we are not too hungry we might sit five minutes and let Mr. Nollet clear up what he is trying to answer.

With regard to the last question I do not think it would be fair to answer unless I were to tell you how much the apple growers are getting too, and how much is being paid to send grain down here and, if we are going to get into a question of how much is being paid to the east or to the west the only answer I would give is that it is just about balanced.

The CHAIRMAN: Gentlemen, has any member any question to ask Mr. Nollet or Mr. Thomson?

Mr. DARROCH: What is the assessed value of the land, per acre?

Mr. THOMSON: The average assessed value is some figure that I do not know, but I will make this statement. It would be my opinion that the average assessed value of the land under lease for cultivation by the Saskatchewan Department of Agriculture would be somewhere around \$2,000 per quarter section, or more if all the land in the quarter section is under cultivation.

Mr. Ross: That is the assessment?

Mr. THOMSON: Yes. You might find a quarter section of land with a much lower assessment where there would be some arable land in the quarter section due to it being a different soil type entirely from the rest of the quarter section. You might find such a quarter section assessed at \$1,000, where twenty acres of that land would be worth more than 140 acres of grazing land.

Mr. DARROCH: In arriving at the share of one-sixth or one-tenth, is the assessed value taken into consideration or just the character?

Mr. THOMSON: The valuation put on the land, or what we call the soil rating.

Right Hon. Mr. GARDINER: May I state what I think Mr. Nollet is asking us. He is asking us to consider one question—whether the 33-year leases should be entirely exempted.

Hon. Mr. NOLLET: Yes, Mr. Gardiner, and lands which have been classified as suitable for cultivation by the land branch. That is the only land we are worried about.

The CHAIRMAN: Carried.

The committee adjourned.

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SESSION 1950

HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE

AND

COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

Bill No. 209—An Act to Amend the Prairie Farm Assistance Act, 1939

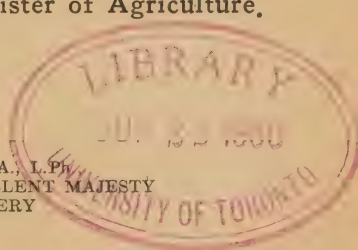
No. 2

THURSDAY, JUNE 1, 1950

STATEMENT BY

Right Honourable J. G. Gardiner, Minister of Agriculture.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.
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and

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Aylesworth	Dumas	MacKenzie
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Darroch	Laing	

Clerk: ANTONIO PLOUFFE

MINUTES OF PROCEEDINGS

THURSDAY, June 1, 1950.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Argue, Bater, Bennett, Blue, Bryce, Catherwood, Charlton, Coyle, Darroch, Diefenbaker, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jones, Jutras, Kent, Leger, McCubbin, Murray (*Cariboo*), Quelch, Roberge, Ross (*Souris*), Studer, Wright, Wylie. (28)

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; G. J. Matte, Associate Director, Prairie Farm Rehabilitation, and R. E. Motherwell, Private Secretary to the Minister.

The Committee resumed consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act. 1939.

The General discussion on Clause 1 was continued.

The Minister of Agriculture answered questions.

Mr. Ross (*Souris*), moved,—That the Committee recommend:

(a) That the Report of the Canadian Wheat Board for the year 1948-49 tabled in the House of Commons be referred to the Standing Committee on Agriculture and Colonization, and

(b) That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things having to do with the operations of the Canadian Wheat Board.

The Chairman felt inclined to rule this motion out of order on the grounds that a Committee receives its directions from the House.

Mr. Diefenbaker quoted from a copy of a letter from Mr. Ketcheson, Secretary Treasurer of the Rural Municipality of Arm River to the Minister.

At 1.15 p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 1, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11:30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen, will you kindly come to order. This morning we are resuming consideration of Bill No. 209, "An Act to Amend the Prairie Farm Assistance Act, 1939." We are still on Section 1, subsection (c), which is the section which deals with "no award."

Mr. ROSS: Mr. Chairman, might I raise one point before we proceed?

Mr. JUTRAS: Mr. Chairman, on a point of order: it was my understanding that we had not actually got down to the sections. I have a general question to ask on the first item before we go into the sections of the bill.

Mr. ROSS: That was true. There was one question I wanted to raise in view of the many statements made in the House. I think it would only be fair to the people concerned, so I move, seconded by the hon. member for Calgary East, as follows:

(See motion in the minutes of proceedings.)

I so move at this time because the minister has said that he would facilitate it, provided this standing committee wished to consider the report of the wheat board. Therefore if we decide that we want to study and examine the report it would only be fair to give the officials of the Board due notice in order to prepare themselves and to be here. We started morning sittings today. Moreover, this is only the second meeting of this committee, so I am not pressing for a vote now. However, you will have time to consider it, and you have due notice accordingly.

Right Hon. Mr. GARDINER: I do not want to discuss the question whether we should or not deal with the report but I do suggest it is a little irregular.

Mr. ROSS: If it is a little irregular, it is the fault of the Minister of Trade and Commerce.

Right Hon. Mr. GARDINER: Maybe he was a little irregular; I do not know. I think the matter should be submitted to us by the House rather than that we should submit something to them. I think it can be generally taken for granted that this committee is prepared to consider the matter if it should be referred to us. I think it would be generally agreed by all the members of the committee that we are quite prepared to sit and listen. In fact, we would have to do so anyway if the subject is submitted to us by the House. We could probably make arrangements that way and accept it. However, I can talk to the Right Hon. Mr. Howe and see what he has to say about it.

Mr. ROSS: Let me say that I agree with the right hon. the minister. However, you do know what happened in the House of Commons. I asked the minister when he tabled that report if it would be referred to the standing committee on Agriculture and Colonization for consideration, and he stated several times in the House that if we so desired, we would facilitate it. I think the minister should set forth the terms of reference and ask that they be referred to the committee. I want to bring that before this committee.

The CHAIRMAN: I think we shall continue now with Bill 209.

Mr. JUTRAS: Mr. Chairman, there are a few questions with regard to the administration of the Act which I would like to get clear in my mind. I have particular reference to that part of my constituency which is under water at the present time. As we know, the way the Act stands if there is no crop, those people will be entitled to P.F.A. But if for instance they do not have any opportunity of seeding any land, the question arises: Will they be entitled to P.F.A., if there is some land which is not seeded at all but which is left unseeded during the season? I was wondering what would be the score in that case?

And if they should get entitlement, still another question arises: How and on what basis will the assistance be based, because there will be no acreage upon which to base it? I wonder if we could get a little explanation on that point. It is very important to the people in my district because it might influence their operations. There is no question of their going on the land yet, but there is the possibility that land might show itself within a reasonable period of time. So I think it is very important that the question should be cleared up right now for the sake of those people, so that they may know what the score is under the Act.

While we are still on that subject—and I am still supposing—suppose it is not seeded and that they are entitled to assistance, because, after all, if it is not seeded, it is a complete crop failure? There can be no doubt about that. And I suppose if there is no crop seeded they would be entitled to the maximum, that is, the less than four bushels to the acre. I imagine that would be a good assumption to make. But on the other hand in a district such as that along the Red river where it is fairly rolling country there is a possibility that quite a few pieces of land might stick up out of the water and dry out in time to be seeded. Now, I do not suppose there will be any wheat. But the basis of the Act is placed upon the wheat yield. Where there is no wheat, I think there is a regulation which provides that coarse grains can be taken as a base. I am not quite sure about it, and I wonder if I might have an explanation as to what coarse grain is taken, whether it is both oats and barley or one of the two; and then, what is the yield corresponding to the zero of four bushels and four to eight bushels in respect to these coarse grains?

And then to pursue my argument a little further: Where is the line to be drawn between wheat and coarse grain? Suppose there is a total of 200 acres of wheat in a township and they switch over to coarse grain, would they lose those 200 acres because they number less than 250 or less than 500? Where is the line drawn at which you can drop wheat as a basis and take coarse grain? This matter is very applicable to my area.

Last year this point arose in the southeast corner of the province in my constituency. As a matter of fact I know that coarse grain was taken as a basis; but whether it was taken as a basis in all that area I do not know. I do not think there was very much wheat sown in that area; but it would be interesting to know where the officials draw the line at which to take wheat or to take coarse grain as a basis.

Right Hon. Mr. GARDINER: Of the two sections that are referred to, one is in the definitions. Section 2 of the Act reads:

(d) 'cultivated land' means land that in the year of award was seeded to crop or in summerfallow and includes land seeded to grass in any year if the productivity thereof was maintained in the year of award;

I think that is intended to cover almost all land that is being cultivated. The terms of it have been changed since the original Act was drafted. I think the original Act definitely said: All lands which had been allowed to go back to prairie, and it gave an interpretation that if they were not seeded for one year, that meant going back to prairie. But some confusion was created in determining whether lands which had been left out in summerfallow were included. One

inspector might come along and say: "Those are abandoned lands, and the fellow does not intend to seed them any more."

So I presume that land which is not seeded in that area will be cultivated as we cultivate summerfallow in the west, namely, the weeds will be kept down and it will be kept black with roughage on top, or some form of summerfallow, which means that it would be kept in under that definition.

The other point mentioned is to be found in the regulations. I think it is section 9 subsection (6) paragraph (e) which reads as follows:

providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purposes of such substitution;

That is determined by the Board of Review and there is a provision made for dealing with the situation as it develops. And then subsection 9 says:

Where no wheat was seeded in a township the yield of rye, oats or barley, whichever predominates, shall be used as the index for the purpose of determining the eligibility of the township; ...

Mr. Ross: What yield would that have to be?

Right Hon. Mr. GARDINER: That is the regulation under the Prairie Farm Assistance Act that I am reading from now. The other is in the Act; the regulations can be changed from time to time by order in council. The regulation based on that reads now:

Where no wheat was seeded in a township the yield of rye, oats or barley, whichever predominates, shall be used as the index for the purpose of determining the eligibility of the township; where rye is taken as the index the yield per acre of rye is deemed to be the yield of wheat; where oats or barley are taken as the index two-thirds of the yield per acre of oats or barley is deemed to be the yield of wheat.

That makes it twelve bushels for oats and barley; that is the regulation. And as to that town in your area, I think it is just as likely to be corn or sugar beets in some of that section; and they may have to make a change under the regulations or to deduct under the terms of the Act to meet a situation which arises.

Mr. JUTRAS: If there is no wheat, they can take the predominant crop. And if there is more oats than there is barley they will take the oats, and if there is more barley than oats, they will take the barley?

Right Hon. Mr. GARDINER: They are not bound by that. The Act says that, and provides for any special situation. Now, a flood such as you have had is certainly a special situation; "providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purposes of such substitution". That is the only thing there is. Probably if it was in an area where sugar beets were grown—but that says grain, and there is just a possibility; but I can hardly conceive of a condition where there would not be any grain grown in a township. I think you could be quite sure it would be dealt with under this section.

Mr. JUTRAS: In spite of the fact there might be some grain; that might cause trouble; there might be just enough grain to spoil it.

Right Hon. Mr. GARDINER: I do not agree with the statement that they cannot seed barley down there. Few seed barley until after the 1st of June

and we have just arrived at the 1st of June today. I think there will be a lot of oats seeded as well, and if that land produces the crops down there which it does when there has been rain on it—

Mr. JUTRAS: Please do not get me wrong. I am not worried about there not being any crop at all. Last Friday I saw a picture of a house in Emerson where there was still water up to the roof. Last Friday's newspapers gave the story that it was drying up in Winnipeg; but there is very little land sticking out of the water yet. Moreover, it rained yesterday and it is quite possible that if another inch or so goes down with this type of weather it would not dry up; and if it takes another week to go down, it will take another week to dry up. The lands will then be in a pretty nice mess. They would have to be worked a little before being seeded and that would take us to the end of June. After the end of June there can still be some coarse grain planted.

Mr. JUTRAS: Now, after the end of June there could still be some coarse grain planted, but it is a gamble. With the grasshoppers we expect this year it is a big gamble and I understand they are coming out in full bloom the same as if there had been no flood waters. Let us suppose climatic conditions are very good from now on, there will still be land under water that will not be seeded. A township is a big area, and particularly in the river lots there are bound to be a few lots where there will be a crop. In that area when there is sunshine and plenty of moisture a crop does grow nicely, and one river lot can spoil the whole township as far as P.F.A.A. is concerned. There may be only one or two farmers with a crop and the other will have crop failure.

Mr. FAIR: If they had individual settlement it would be all right.

Mr. JUTRAS: Of course, everybody wants that, but the difficulty is how to do it. The question is, would we be ready to take crop insurance to that extent? It is the same as insuring your home against floods in that area. You can get insurance but of course you have to pay so high a rate it discourages people from doing it because there are recurring floods in that area.

Now, coming back to my point. If there is a very small crop planted and it is all oats, does that mean that the basis of wheat will be fixed on the yield of oats per acre for that little patch, or must there be a minimum seeded acreage before it is taken as a criterion?

Right Hon. Mr. GARDINER: I have just read the terms of the Act and you can interpret them as well as I can. There is no such thing provided for in the Act. The terms of the Act say that it can be all cultivated land, the whole township can be summerfallowed, seeded with coarse grain, or the whole township or parts of it can be in any one of these. You take all the grain that is grown in the township, and if it is wheat you divide it by the acreage that was in that grain and you get a certain yield. If there is only one farmer in there who is able to seed, you have an entirely different problem and one which was never intended to be dealt with by this Act. If we start discussing floods too much you will get this Act narrowed down a bit. It was never intended to deal with too much water, it was intended to deal with too little, but because of the terms of the Act we have not been able to deal with a lot of areas that have been flooded.

Mr. JUTRAS: I am not suggesting an amendment to the Act at the present time. As you say, the Act is a general appraisal. There are regulations drafted by the board of review now which may be interpreted in more than one way. As has been pointed out, they estimate a two-thirds' yield of coarse grain represents a yield of wheat. Now, that is something determined by the board of review.

Right Hon. Mr. GARDINER: No, you are wrong on that, that is not determined by the board of review. The board of review may make recommendations to the government and the government will determine it by order in council or otherwise.

Mr. JUTRAS: I am sorry, I mean regulations. The thing I would like to get clear in my mind is how do they apply the regulations, what criterion would they use to tell whether to switch from wheat to coarse grain.

Right Hon. Mr. GARDINER: I will be able to tell you better in September; there is no set regulation. If there is a set of peculiar circumstances which warrant the changing of the regulation, it will be brought forward at the time when all the facts are before us. The regulations may be changed within the terms of the legislation, but they cannot be changed outside the legislation. The only difficulty I can see in the legislation is that it is supposed to be grain and your crop may not be grain, it may be sugar beets. I do not think there is any provision here for taking sugar beets as a check for whether a farmer is getting sufficient returns, and I think it would be difficult to argue it would be a check, on account of the moisture they had in that area.

Mr. JUTRAS: I am sorry if I am insistant, but as I said, I would like to get this cleared up.

Right Hon. Mr. GARDINER: You are not going to get a decision from me because I do not make decisions, the board does.

Mr. JUTRAS: I am just trying to get to the core of the regulations. It is stated in the regulations that where there is not enough wheat they take coarse grain. I would like to know when they switch over.

Mr. Ross: It is whatever the greatest acreage is, is it not?

Right Hon. Mr. GARDINER: If we try to imagine in this committee what the weather is going to be between now and September, if any of us were able to imagine what it was going to be, we would all be millionaires tomorrow morning. I would not attempt to tell you what the weather is going to be this fall. I assume they are going to look at conditions at that time and determine it under the terms of the Act. If I was going to try to guess now how much that area was going to get under this Act I would guess not very much. I would do that for two different reasons: the first one is, if they seed coarse grain, there is nothing to stop a man seeding coarse grain until at least the middle of June, especially when he has all the moisture he needs and heat on top of that. If he seeds a crop he is going to grow a good crop though it may never ripen properly, but he is going to grow it. I venture to say that some of these fellows who had their land flooded are out seeding today. If the water has gone down two or three feet in Winnipeg it has gone down much more below there. My friend shakes his head, but I lived down in that area for some time and at this time of the year I used to go out over that area.

Mr. JUTRAS: It has not been like this for one hundred and fifty years.

Right Hon. Mr. GARDINER: I have seen people going up and down the streets in boats in my time, and I am not one hundred and fifty years old yet. It is not an entirely new thing. It may be a new thing to have the water thirty-nine feet high at Winnipeg, but it is not a new thing to have Emerson flooded or all that area down south flooded. As a matter of fact, I think it may be said that I have never run across a farmer in the community who would trade his farm for one fifty miles away. That is the best farming area in Manitoba.

Mr. Ross: It is one that produces?

Right Hon. Mr. GARDINER: It produces because it is flooded; they get free flood irrigation.

Mr. Ross: What about all these American weeds?

Right Hon. Mr. GARDINER: After all, there are two sides to the story and I do not think you will find any of these farmers sitting down and doing nothing. I think every farmer who can is going to put in seed, and if he cannot put in seed he will summer fallow and if he can grow sugar beets he is going to grow sugar beets in certain areas. After they have done all that and made an effort to grow something, then this Act comes into play. If there is half a township in there that is removed from the other areas, that township can get in under this Act under the terms we put in last year. There is no question they come in under it, but to try to determine here what conditions are going to be and what we can do is not going to get us very far.

Mr. JUTRAS: Let us get away from the flood area; let us take a township which last year grew coarse grains instead of wheat. I know of one or two, I am not sure about last year, but I know of several two years ago. Now, there was some little wheat sown, but not enough when they decided to switch over to coarse grain. That is the point I am trying to get at. Is there any criterion, is there any rule to go by when they switch from wheat to coarse grain?

Mr. FAIR: I do not know whether I am as quick to catch on as the others, but section 14 makes it clear, I think. If it is not clear the regulations can be amended to take care of any special circumstances that exist in Manitoba this year. Section 14 reads:

14. In any township in which no wheat was seeded the yield of rye or oats, whichever was more widely grown, shall be used as the index for the purpose of determining the eligibility of the township; where rye is taken as the index, the yield per acre of rye shall be deemed to be the yield for wheat for award purposes; where oats is taken as the index, two-thirds of the yield per acre of oats shall be deemed to be the yield of wheat for award purposes.

I believe that will give the present committee a lot to work on. A few minutes ago I interjected if they had taken the individual basis for settlement under the P.F.A.A., as we suggested last year, we would not have any difficulty. Mr. Jutras immediately switched to general crop insurance and I did not have that in mind at the moment. My remark was simply referring to P.F.A.A. assistance.

Mr. ROSS: The matter is not as simple as Mr. Fair has said. It says, "more widely grown"—does that mean acreage?

Right Hon. Mr. GARDINER: I wish you would not depend so much on these regulations. I wish you would read the Act.

Mr. ROSS: I have had no end of correspondence in my own area, and I can tell you we are going to have an awful lot of trouble coming up because it involves fringe areas of certain townships. A good many of these people are going to find themselves out in the cold when you come to this settlement in the fall. When you have this infiltration you are going to have the same thing happen as happened in the flood area, and a lot of these late seeded crops will be destroyed. I want to point out that the provincial Department of Agriculture are preparing for that now because they have made a survey of all the west to get fodder seed. The minister said that was the best farm land in the country and I am inclined to agree with him, and I would not part with my land because when you get a crop you get a real one. However, when you go four or five years and have to summerfallow every year and never get a crop, it is very hard to hang on and pay a heavy assessment for the land. The point I want to make is that you are going to get a lot of fringe areas around a township that might qualify. I have had correspondence with the department about this and with farmers in sections here and there that cannot qualify under the present regulations. As I know the Red River Valley, you are going to have a great

many fringe areas this year. In fact I am sure of it. I may be wrong—I have seen some miracle things happen. I have seen barley or flax sowed on the 1st of July and the farmers threshed 50 bushels to the acre. I would not recommend counting on that sort of thing, but we do get exceptions.

I will venture to say that the majority of the crop taken off in the Red River Valley will be nothing more than fodder, and you will get a tremendous lot of fodder to the acre if you have luck. That is not taken care of under the regulations, and the difficulty is going to be with the fringe areas of one township or half a township. There is nothing in the regulations to take care of those small groups or individual areas.

I am thinking here of my own riding. I gave an instance at the last meeting of the committee regarding the Souris river valley. I do not want to make any comparison with the Red River Valley because we are not suffering anything by way of comparison with those people; but I pointed out where the Souris jogged through divisions of four townships and there was only one township which qualified under the regulations. Because of a few people the average was up and others who lost due to flooding were not able to come in under this Act. I am sure that is an example of what you will find in the Red River Valley next fall with regard to these fringe areas of one half a township or a township which will not be able to qualify.

Mr. ARGUE: I would like to say a word on the flood area. I do not think it makes a great deal of difference in the final analysis whether the assistance to the farmers which Mr. Justras has spoken of is brought under this Act or whether it is done by a vote in the House. I think the important thing is that the assistance can be granted.

Mr. JUTRAS: A point of order. I do not agree there. I am not objecting to assistance I am discussing the Act. There is an Act to take care of crop failures and I want to get clear on this point; the question of assistance is another matter.

Mr. ARGUE: If you had waited until I had completed another sentence. I was about to say that I would support any necessary changes in either the Act or the regulations or both—changes in order to take care of the situation that has been described in the Red River Valley. From what Mr. Justras has said I think you will find a township where perhaps ten per cent of the acreage only has been seeded. There may be a forty bushel crop on the 10 per cent and the rest of the township may not have seeded. Of course, according to the Act, the remainder would not be eligible, so I think not only will the fringe areas be affected but also townships or half townships in the flooded area will be affected.

I think the only fair thing would be to change the Act and take the total yield of the areas seeded and divide by the number of acres and arrive at a township average of grain production. If the Act is not changed I personally do not see how many of these townships can obtain a payment. Certainly I think the main purpose of this Act is to assist those farmers who have had crop failures. The Act is called the Prairie Farm Assistance Act and the assistance should cover flood, drought, grasshoppers, or anything else.

Mr. QUELCH: Before leaving the point on flooded areas, I recall that in 1945, in the session before the election, a question was raised by the former member from Portage la Prairie, Mr. Miller, asking Mr. Gardiner whether it would be possible to take care of flooded areas, and I remember that Mr. Gardiner replied at that time that he felt the Act was wide enough to cover flooded areas.

Right Hon. Mr. GARDINER: Yes, and you may recall that the first time the matter arose was in connection with northern Alberta and the flooding of the Pembina river. We have a Pembina in Manitoba too, but I think that river flooded even prior to the time Mr. Miller brought the question up in the House. The area affected was northwest of Edmonton and the water rose nine feet higher than ever before and just wiped out farmers one after another.

I do not recall whether we were able to find a full township or not—which the Act called for then—but it was admitted by the Justice Department that, providing the terms were met and that it was a full township, it would come under the Act. They said we could go in there. It was after that decision by the Justice Department that Mr. Miller asked the question in the House and I then stated the terms were wide enough to deal with the situation; and that is still the case. We are dealing with something which is not before the committee at all under this amendment; it is in another section of the Act. I am not complaining because the matter has been brought up but I do want you to know what is in the Act as it stands. Section 5 states:

5. (1) A Board of Review shall be established to consist of three persons, to be appointed by the Governor in Council on the recommendation of the Minister, one of whom shall be named chairman.

We have that board and Dean McEwen, president of the Agricultural College in Manitoba is the chairman. It will be possible for people to get whatever consideration the board is giving in connection with the Act. The other members of the board are men with wide experience in this kind of matter.

Subsection (2) says:

(2) The Board shall examine all information and data regarding the average yield of wheat in any township for which an application for assistance has been received and shall determine the eligibility of such township for an award under this Act.

(3) The Board shall decide, under the Act and regulations, any question concerning the eligibility of any farmer or class of farmers for an award under this Act.

(4) The decision of the majority of the members of the Board shall constitute the decision of the Board.

(5) Any decision or determination of the Board shall be final.

Section 6 goes on to say:

6. The Minister may with the approval of the Governor in Council make regulations.

I will recall to the minds of some of the older members who were here some years ago that the board seemed to have been misreading that section. They did, like many of us, read the section with which they were concerned only and they sat down and began to make regulations. They made a lot of regulations, some of which they operated under for a month or two. We had to get them in here and tell them that they were making laws and that they had to stop. A lot of the regulations had to do with letting land of wives be counted in, or out, and land of sons in the same way. We had to tell them that they were bound by the regulations. Then, when you come down to (e) it says:

(e) providing that in special circumstances another kind of grain may be taken in lieu of wheat as the basis of awards under this Act, and in that event what number of bushels of such other kind of grain shall be deemed to be equivalent to a certain number of bushels of wheat for the purpose of such substitution.

Anything in the regulations with regard to that has been brought in by the government, on the recommendation of the minister—and in all probability it came to me on the recommendation of the board. That is the way the thing is done. However, you are asking me to say what regulation I am going to bring in next fall. Before I bring in any change to what is written here I am going to have a look at the situation and, then, I will have to get the consent of the government for a change; so, regarding the position in the Red River Valley, it is impossible for me to do anything more than to refer you to what is written here. I would point out, and it has already been mentioned by the member for Souris, that Mr. St. Laurent said in the House the other day that there was going to be some grant

made to Manitoba. I think that he said the grant would be made to the Manitoba government and that they would probably work through their municipalities. Any assistance that is given under this legislation will no doubt be considered by whoever eventually distributes that assistance.

If we have given assistance under this Act to the extent of \$1.50 an acre and if the assistance required is \$5 an acre, then the \$1.50 would be counted before they started to pay the \$5. There would be no difference in what an individual would get and nothing you do here is going to determine what the individual is going to get. There will be a certain amount set aside to take care of flood damage and the administration will be by the provinces and the municipalities.

Mr. JUTRAS: I apologize for taking so much time and I shall not rise again. The point I make is that there is an Act which provides for assistance in the case of crop failures in the three western provinces. I used the flood area as an illustration of crop failure in my province. There may be other reasons but there is the likelihood that the flood or flood water may be the reason for failure in our area. The clarification I was trying to obtain was not with respect to the flooded area of the Red River Valley itself but there is a condition of crop failure which arises every year somewhere in the three western provinces. Two years ago the situation developed in our area through drought—not though flood but drought—where there was not enough wheat so they took coarse grains. At that time I was a bit surprised and I did not know they were entitled to do that until the inspector showed me the regulations. I know that there are townships where every year there are borderline cases as to whether the basis should be wheat or whether it should be oats. I would like to know what the criterion is. If the information is not available now may I get it from the officials at a later date?

Right Hon. Mr. GARDINER: Well, in Mr. Nollet's area and in Mr. Bater's district it was said, when they brought the Act in, that they did not grow any wheat and that they only grew oats and barley.

Right Hon. Mr. GARDINER: There is another area down near the Yorkton district where they said the same thing. They said they did not grow any wheat, they only grew oats and barley. Both of these areas have come in under this Act since and they have been given the choice whether it would be oats or barley or wheat, and after they checked they said it would be wheat. In other words, they were not correct when they said there was no wheat grown in their district and, if they had put in oats or barley they would not have got as much as if they had put in wheat. That is the way the decision was made and I do not know of any other districts where it has been done up to now. If there is a district in south-eastern Manitoba where they only grow oats and barley they could operate under this section, but I venture to say if wheat had been grown there, they would have insisted on growing wheat.

Mr. JUTRAS: Are you saying, as a general principle, they are given their choice as to whichever is the most beneficial? You mentioned just now that certain areas did not grow wheat so the basis was coarse grain. I think there may be townships where wheat is grown one year and something else is grown the next year.

Mr. QUELCH: It will be called when the resolution preceeding this bill was introduced I objected to it on the ground it penalized the special areas of Alberta and it will be recalled that at that time the Minister of Agriculture stated it was not the intention of the Act to harm people who should not be harmed. Subsequently section (c) was brought forward covering special areas. At the last sitting of this committee the question was raised as to provincial and federal responsibility so I think it might be well for me to give a brief review of the special areas of Alberta in view of the fact that the largest part of them are in the constituency I represent, which is Acadia.

The special areas in Alberta comprise approximately $5\frac{1}{2}$ million acres which were settled in the years 1909 to 1912, and it is well to remember that farmers were at that time encouraged to settle in those areas. That is the time I homesteaded, and it was more luck than good management I did not settle in the special areas because when I went to the Land Titles office I was not advised that the land was not suitable. This land was settled on a half and quarter-section basis. Due to the fact it was a dry area it very quickly got into financial difficulties and it was soon found impossible for a farmer to make a living on the one-half to one-quarter section basis.

It is interesting to note that during 1926 to 1927 the federal government turned the special areas over to the province four years before the natural resources were returned by the federal government. The first thing the provincial government did was to establish a policy of depopulation and in order to encourage that they made grants up to \$1,000 per farmer to help them move out. Over 60 per cent of the population moved out between that time and 1935. In 1935 large areas were put up for sale under tax sales, large arrears of taxes had accumulated, and the initial bid was set by the provincial government. The mortgage companies felt it was not worth while to bid that high and let the land go, and all the mortgages were written off. The provincial government then adopted a policy of leasehold.

The municipalities all went broke except Acadia valley, a small municipality on the east side, where there is very heavy gumbo land. At that time the provincial government wiped out all debts for seed and feed, but the federal government did not go so far, they made a partial reduction. There was a municipal debt of \$984,585 which the provincial government wrote down to \$100,000; in other words, \$884,585 of debt was written off. The area was turned into what is known as the Special Areas and was placed under the administration of a board. The provincial government bears 40 per cent of the cost of its administration and the balance of the revenue is raised within the area. No revenue from the area is sent outside the area, every cent is spent within it. The provincial government makes a grant of \$70,000 a year to the special areas for public works. They were paying up to \$100,000 a year for cost of schools, but now they have changed that and are paying 50 per cent for the cost of running the schools and have also subsidized them to the extent of about \$20,000 a year.

Now, the policy that has been adopted within the area is to withdraw sub-marginal land from cultivation and only lease the better land for cultivation purposes. Farmers have been encouraged to surrender their title and lease land from the government. The lease rentals are on the following basis: for cultivated land it is one-sixth of the crop for a one-year permit, and on a lease of twenty years it is one-eighth of the crop. If the yield is less than 5 bushels per acre no rent is paid at all.

Grazing land is rented out on the basis of the carrying capacity of the land and is also based on the price of cattle. If the price of cattle goes up the rental goes up, and if the price of cattle falls the rental goes down. The present rate is $4-1\frac{1}{2}$ cents per acre; before 1946 it was 3 cents per acre.

The policy in the special areas is to control both population and the use of the land. One of the most difficult problems they have is to keep the population down because farmers are always trying to come in and the government realizes if more people come in they will have too great a population for the carrying capacity of the land. The average holding in the area is about 2,000 acres per farmer. You can realize that when the land was settled on a quarter and half-section basis the farmer could not make a living when today it takes 2,000 acres to make a living from cattle and cultivated crops.

In 1939 when the Prairie Farm Assistance Act was passed, Mr. Tanner, under whose department the special areas were at that time, gave a commitment

that they would do everything in their power to prevent abuses of P.F.A.A., and I think the minister will agree that has been pretty well lived up to.

Cultivation leases in the past five years have increased by one per cent, and perhaps some of the members who are not familiar with the circumstances might criticize that. The reason they have gone up is partly due to settlement by veterans, and partly due to the fact that a quantity of privately owned land has gone back to the province and now appears as a cultivation lease. That does not mean an over-all increase in the cultivated acreage, it merely means an increase in cultivated leases rather than privately owned cultivated land. Families are not allowed to settle with their parents except in special cases. That may seem hard, but once you allow families to settle with their parents you are going to get a corresponding increase in population and get back to the situation where there will not be enough land for the farmer to make a living.

There are 1,200 farmers holding cultivation leases who also own land, and 400 farmers do not own any land at all. The policy today is to allow leaseholders to buy one-quarter section if they own the improvements on it. Many farmers feel they would like to own the quarter-section on which they reside and so they have been allowed to purchase a quarter-section if they own the buildings.

There are 2,100 acres under grassing permits. That is not regarded as cultivated land, it is land that has gone back to sage-brush and other kinds of weeds. When a permit is granted the land is cultivated in order to get it back in shape to sow to grass and it has to be put back into grass within two years. It is possible there are a few cases where farmers have collected bonuses on land under a grassing permit, but that is not the intention. Farmers should not be eligible for P.F.A. bonuses on that land. It is not a cultivation lease, it is merely a permit to sow that land in grass and in order to sow any grass it has to be cultivated to destroy the sage-brush and weeds etc., on it.

The population in the special areas in 1941 was 15,215, and now it is 12,356, so the government are continuing to reduce the population in that area. I might say in the whole province there are 2,800 cultivation leases and over 1,600 of these are within the special areas.

When the resolution came up I got in touch with the department at Edmonton and a delegation came down here consisting of Mr. Gerhart, Minister of Municipal Affairs, Mr. Putnam, assistant to the Deputy Minister of Agriculture, and Mr. Baldwin, the chairman of the special areas. They met with Mr. Gardiner a week ago last Monday and expressed satisfaction with the amendment as shown to them by him. The minister pointed out at that time it was in a general form and there might be some changes. These changes have now been made, but I think if anything the amendment has been improved rather than otherwise.

Keeping in mind the fact that these areas were settled by the federal government and today are severely handicapped by drought, we feel that the federal government still has a share of responsibility in helping to get that area on its feet. There is no doubt it is in a better position today than it has ever been before, but it will be several years yet before it is in a sound position. Irrigation is the solution.

I think the amendment before us covers the special area quite satisfactorily. There is some question of lease land outside the special areas such as L.I.D.'s, and some of these will be brought back into the special areas because originally they were in. At the time the British block was formed, that is the defence project, a large area was taken out and the areas on the fringe of the block will now be put back into the special areas.

Mr. CHARLTON: I was rather confused a moment ago with the statement the minister made in answer to Mr. Jutras' question as to when to change over from wheat to coarse grain. The minister made the statement that in two districts the people were given a choice as to whether it should be wheat or

coarse grain, but the thing that perturbs me is: suppose there were only 200 or 300 acres of wheat in that township, would the acreage of wheat be taken rather than oats or barley?

Right Hon. Mr. GARDINER: Well, the whole question would be considered by the people who lived there and the board of review, and the board would make some recommendations to us about it. I venture to say in most cases it would not make much difference.

Mr. CHARLTON: In some districts farmers do not grow wheat, so the acreage would be very small.

Right Hon. Mr. GARDINER: Sometimes people say things that do not turn out to be correct. I had my doubts when people said they only grew oats and barley. I would not like to leave the impression it was the farmers who said that. It was the people who were making representations to us.

Mr. ROSS: The minister mentioned Dan McEwen was the chairman of the board. Could he give us the names of the others?

Right Hon. Mr. GARDINER: Mr. Holmes of Saskatoon is the second member, and Mr. Matte is the third member.

Mr. BRYCE: There is just one board for the three provinces?

Right Hon. Mr. GARDINER: Yes.

Mr. FAIR: Am I right in assuming that land taken over from the municipality for non-payment of taxes does not come under P.F.A.A. until it is resold by the municipality?

Right Hon. Mr. GARDINER: Not under this amendment as it is now; the amendment only refers to land which had not been taken over either as a homestead or purchased from the government prior to 1939.

Mr. FAIR: It does not affect the general status of the municipalities?

Right Hon. Mr. GARDINER: No.

Mr. FAIR: Perhaps we could remove some of that flood water and distribute it over your country and mine and we would all be much better off.

Mr. HARKNESS: It seems to me on the basis of the evidence given by Mr. Nollet the other day that approximately one million acres of land would perhaps have been removed from the benefits of P.F.A.A. under the original bill; but it is now covered by these provisions with the exception of something like 100,000 acres. Is that what the situation is?

Right Hon. Mr. GARDINER: Well, there is some question about that. Our information, which does not differ materially from the information Mr. Nollet presented here, is pretty well set out in the report that was made by their boards in Saskatchewan. As he indicated, they have classified the land in terms of wheat production as follows: land class No. 1, submarginal for wheat production, 350 bushels of marketable wheat per quarter section per year, or less. This class includes most of the non-arable land.

Land class 2: marginal for wheat production from 351 to 475 bushels of marketable wheat per quarter section per year.

Those are classes 1 and 2. The first class is submarginal, the other is marginal. In terms of our Act none of them can be collected on. The province has already declared it to be marginal. I did not realize that before I got their classification.

Mr. HARKNESS: That land has not been eligible up to the present time.

Rt. Hon. Mr. GARDINER: No; it is not termed to be and it would not be under this Act.

Then they have what they call super-marginal, above marginal—land class 3. They say there are 1,151,552 acres in that class. There is a fourth class, super-marginal, with 351,797 acres; class 5, super-marginal, has 56,300 acres.

When you are going over it you will notice that 55 per cent or 57 per cent of the land referred to is in the sub-marginal class or marginal and the other part of it, 44 per cent, is in those other classifications. They do go on through and say what they have done with it and what they think should be done with it. When they are through dealing with it, it does not appear to be very much different from what we are trying to do under this bill.

I discussed the matter with Mr. Nollet after our meeting the other day, and, as has already been suggested by the member for Acadia, there was one provision added to this after we discussed it with Alberta which improved the position from Alberta's point of view. It is:

Lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under the Prairie Farm Rehabilitation Act.

As I said, after the discussion here we discussed the matter further and I told him that in my opinion we can do everything we think ought to be done under that section. He agreed that it was possible. I said that my recommendation to the committee was that we should adopt this amendment as it is, and that we should apply it for at least one year and get some experience on it. If it is found necessary to change it in order to meet conditions of hardship created by anything we have done, then we can consider it at another session. Mr. Nollet took no exception to that. I would not like to say that he said it would be all right, but he took no exception to it.

Mr. HARKNESS: What I was getting at was this clause 1 when passed is going to affect a relatively small amount of land in Saskatchewan; probably less than 100,000 acres which could be paid benefits under the P.F.A.A.

Right Hon. Mr. GARDINER: It could affect some millions of acres. If any government, not the present government but any government could bring in land which had been condemned by three or four tribunals before getting back under cultivation, the land could be brought in and we would be paying on it year by year if this amendment were not here. I think when you get it down to those terms there would be a half a million acres of land which might come in. We say here that if we sit down with their government and say certain lands taken out of cultivation are put in pasture and other lands that now belong to the government were to be put under cultivation then that land draws benefit under this Act. We do not think there will be any great hardship and we think there are only a few thousand acres of land if you count it all in that will be eliminated by this Act.

Mr. HARKNESS: My point is that this enactment in the future will prevent lands being put under P.F.A.A. which otherwise might be put in, but it will not take out very much that is included at the present time?

Right Hon. Mr. GARDINER: No.

Mr. HARKNESS: What is the situation or have you figures on land which is eligible for P.F.A.A. in Alberta and which will not be eligible when this is passed?

Right Hon. Mr. GARDINER: According to what the officials say, and as Mr. Quelch said a few minutes ago, there is not anything to be put out that they do not think ought to be out. There might be an individual quarter section or half section where there is some argument, but the general impression is that we are doing what they want to do.

Mr. HARKNESS: Special areas are looked after but I was wondering how much other land is eligible or ineligible for P.F.A.A.—take the area between

Medicine Hat and Vulcan. After you get a certain distance east of Vulcan you get into a pretty dry area and it gets drier and drier farther east. Is not that land which will be taken out?

Right Hon. Mr. GARDINER: As Mr. Quelch will agree I raised that question myself partly because of what has been said in the House. I said at the start that we would take care of any special areas—which brings us down to Medicine Hat—and there is no question about it. The question was then asked: "What about the area below that?" The impression I get is there are some of these lands that can come in under this now that we do not think should come in.

Mr. ARGUE: Because they are submarginal lands?

Right Hon. Mr. GARDINER: We do not say so just because they are submarginal—that takes you much too far. We know there are a lot of lands now under this Act which are submarginal. Nobody has yet declared them to be submarginal and that must be done by the province; it is not done so they are still under the Act. We are not, therefore, saying that all submarginal land is kept out. First a Conservative government in the days when railway grants were being made decided that some land was not fit to be given as railway grants; a Liberal government further along put out homestead lands but said that certain land was not fit to homestead and that people could not live on it; and even some of the lands that were permitted to go out were looked at by people who did not take them. Those people declared they were not fit for living on. Then, there was the Hope Commission appointed in 1912 which divided up the land and said what was fit and what was not fit. After all that these lands should not be allowed to come in under cultivation for the first time, under this Act.

Mr. ARGUE: May I go back to what the minister says in respect of Saskatchewan. Are you going to accept as a general rule that the classification of land for cultivation of leases by the province of Saskatchewan as such, as a general rule can have P.F.A.A. paid on it in a crop failure year? I mean with the exception of a parcel here and there that perhaps the Saskatchewan Utilization Board has made a wrong analysis on?

Right Hon. Mr. GARDINER: I am not in a position to answer the question one way or another except to say that after discussing it with Mr. Nollet the other day we pretty well concluded that the best thing to do was to go ahead with this Act as it is now suggested; and apply it to just what you are asking about, and see what the situation is. He argues that there would not be a great deal of effect. I would not say, because I do not know. If his argument is correct and this land is handled in such a way that it is not going to be affected by the bill, then there is not going to be any difficulty. If need be we will have a talk about it at the next session.

Mr. ARGUE: Despite the fact that there is absolutely no question in the mind of the Minister of Agriculture, and the people who are enforcing this Act, or in the minds of the Department of Agriculture in Saskatchewan, nevertheless, there are provincial leases that will not come under the terms of this amendment?

Right Hon. Mr. GARDINER: I would judge there are some that we would not have brought in—

Mr. ARGUE: That is the whole point, and after that is established, then the basis of whether a given parcel of land can be eligible for P.F.A.A. is not going to be judged on whether that land is suitable for cultivation purposes or not. It is going to be judged on whether it is school land, soldier settlement land, farms, or something else, and I would like to ask this further question. If there are a couple of hundred thousand acres of land in the northeast part of Saskatchewan opened for settlement and everyone agrees that it is highly productive land, will the farmers who obtain that land be eligible for P.F.A.A. irrespective of

whether they come into any of these five categories? Will that land, being taken as good productive land, come under this?

Right Hon. Mr. GARDINER: I may as well be quite candid and say that under the terms of this as it is now it will not come under the P.F.A.A. P.F.A.A. is intended to take care of people who were put on land that they should not have been put on. That is our reason for being in this at all and it is our reason for paying the two-thirds or three-quarters of the cost out of the Treasury of Canada. We say that these people, with our consent and with our help, were put on land which they should never have been put on. If somebody else comes along, with this Act on our statute books, and says that there is the kind of land that people ought to be put on, and on which they can make a living, why then should this Act apply? We have been over this with the provincial government so many times, because they want us to pay the cost of bringing the land under cultivation. That is their request to us. I can guarantee that if we are not paying the cost of bringing that land under cultivation, it should not come under this Act. I can guarantee, if I am there when it is settled, we are not going to pay the cost or one-half or one-third of the cost of putting that land under cultivation and then bring it under this Act. We are going to make sure before we bring it under cultivation that it will never need to be brought under this Act.

Mr. ARGUE: If it is brought under cultivation but won't be brought under this Act then those lands will not pay the 1 per cent?

Right Hon. Mr. GARDINER: Yes, they will.

Mr. ARGUE: I think it is unfair to exclude good farm lands from benefits of the Act and still force them to pay under the Act. I do not think when a large area has to pay 1 per cent of the total crop, year in and year out for the next thirty or forty years, that the people should be denied the benefit of this legislation. With the minister's further statement I do not think that the situation is improved at all since he brought in this amendment. Certainly there is going to be good farm land excluded from the benefits of the Act and many of these farmers are farmers who purchased the lands since June 1939—purchased it in good faith; and now the Act is being made retroactive and they are being removed from the benefits of it. I would like to ask the minister if there have been any studies done by the Department of Agriculture or the Board of Review and if so what is the estimate of the amount of submarginal Crown land in Saskatchewan now under cultivation lease? I mean land which is unfit for cultivation; land unfit for wheat growing?

Right Hon. Mr. GARDINER: You might better ask how much is under this Act that is submarginal?

Mr. ARGUE: Well, there have been surveys made by the department and I do not think it is difficult to obtain figures. The Saskatchewan Assessment Commission has assessed it and gone over every quarter section of land in Saskatchewan and has made classifications according to the list that the minister read sometime ago. There were other land classifications set up by Dr. Hope back in the 1930's sometime, and, although the minister may not have the figures here, I think they could be obtained very easily.

I do not think it is right to pay P.F.A.A. on land sold by the C.P.R. to certain individuals, if you are going to pay on government land? Why discriminate on leased land either in Saskatchewan, or in Alberta, or in any other place. Let us discriminate on whether the land is fit for cultivation or grain growing purposes?

Right Hon. Mr. GARDINER: As was indicated the regulations are here set out and I read some of them a few minutes ago. I have given him the acreages affected. I think anyone who would go through them carefully would agree that they are pretty well submarginal. If we take those classifications as being

provincial government classifications they are out of this act. It definitely says where any province classifies land as submarginal that land does not collect. I was not aware that there were such clear classifications as they have here in their own publication. It would be expected I think that those lands would be eliminated by the inspectors. You do not need in the meantime to eliminate them but I would not be able to give figures as to how many will be left after that is done—in order to say that this bill eliminates them. There were either thirty-four or thirty-six leases in one township in the southwestern part of Saskatchewan put out under lease recently for cultivation. It was to stop that that we took the matter up in the first place. Mr. Nollet questioned me in front of his own officials and, when they went back they found out I was right.

Mr. ARGUE: Have you the legal description of the township?

Right Hon. Mr. GARDINER: Yes I have, somewhere, but I think it is not necessary to get into that discussion. The terms of the Act will apply. We found those leases had been put out and we checked as to why.

Mr. ARGUE: Mr. Nollet made the statement here the other day, and the man with him verified it, that not a single lease of the Saskatchewan Department of Agriculture for cultivation purposes has been made on this submarginal land, according to their classification. I did not hear the minister that day or today quarrel with their classifications so if a certain number of farms were made eligible for P.F.A.A. because leases were made on that land, the reason that they were not made sometime ago was because it was good arable land.

Right Hon. Mr. GARDINER: My honourable friend asked me a question in the house the other day which is covered by this. He asked me if I would not agree that the Sceptre type of land is good land.

Mr. ARGUE: You did not quite answer?

Right Hon. Mr. GARDINER: I can answer you now from their own records. There are 1,300,000 acres in class 1; 642,000 acres in class 2; 1,151,000 acres in super-marginal, and 351,000 in the second class of super-marginal. That only leaves 56,300 acres of sceptre clay. I would say that if that sceptre clay is scattered thinly over the area it would be land that you could probably throw open for cultivation successfully, but if it is scattered through the area and if it is in land where all the rest of it should be in pasture, I would not say it would be possible.

Mr. ARGUE: Of course it is not scattered through the area, it is a very large block.

Right Hon. Mr. GARDINER: It cannot be a very large block, because it is only 56,000 acres. The map is here and you can look at the spots on it.

Mr. ARGUE: Here is a soil map of the southwestern part of Saskatchewan, and it shows the sceptre heavy clay areas.

The CHAIRMAN: What is that?

Mr. ARGUE: It is a soil map of Saskatchewan, Canada, Reconnaissance Survey (revised), Map No. 1, Soil Survey Report No. 12, issued under Dr. J. Mitchell, University of Saskatchewan, H. C. Moss, and J. S. Clayton, Dominion Department of Agriculture, Experimental Farm Services. It was issued in June, 1944, so it is fairly up to date. You have Isham, Tyner, and Lacadena where there is a block and there are other blocks around Gravelbourg. The point is that that is in some of the best wheat-growing land in Saskatchewan.

The CHAIRMAN: That is the southwest corner of the province?

Mr. ARGUE: Yes, where almost all the sceptre heavy clay is located, because it is only in the brown soil zone, and that zone is all in the southern and western part of Saskatchewan. According to this amendment the sceptre heavy clay areas would be removed from the Act just the same as sandy soil.

Right Hon. Mr. GARDINER: All that land on the map was homesteaded before 1939 and is not dealt with in this Act at all.

Mr. ARGUE: Any part leased by the Saskatchewan government which is sceptre heavy clay which is in the best farming land, is not eligible for payment if it does not come into one of these five categories.

Right Hon. Mr. GARDINER: Oh yes, the only land that this puts out is land which was not homesteaded or disposed of to the railways or land companies before 1939. All that land you are talking about was disposed of.

Mr. ARGUE: I know personally some of it was not disposed of.

Right Hon. Mr. GARDINER: If it was not disposed of the public thought it was not fit for homesteading. Just because land is not of a certain type does not mean that it will never be taken up. It may be full of gullies and all kinds of things, but the suggestion is made we are throwing all that land out. We are not doing anything of the kind and we do not say the sceptre clay area is out.

Mr. ARGUE: Or sand piles, either?

Right Hon. Mr. GARDINER: No, we say lands that nobody would take up prior to 1939 is out.

Mr. ARGUE: Good land or poor land?

Right Hon. Mr. GARDINER: It is not good land there or you or I would have taken it up. I have been trying to pick up land in the west for years.

Mr. ARGUE: The Minister of Agriculture from Saskatchewan made the statement it was good land. He said all Saskatchewan leased land was land which in his opinion, and the opinion of his department officials, was suitable for grain growing. I did not hear the right hon. Minister of Agriculture quarrel with him on that statement, but nevertheless this amendment does take out some of this land. All I am saying is that the plan followed by the Saskatchewan Department of Agriculture has already taken out all the leased land that is submarginal, and all poor land, and the only way I can support an amendment like this is if it had something to do with submarginal land instead of being retroactive and discriminating against people who purchased land some years ago.

The CHAIRMAN: We have Mr Diefenbaker here now.

Mr. DIEFENBAKER: I would like to direct the minister's attention to a letter he received, a copy of which I received, from the Rural Municipality of Arm River. I wrote the various municipalities in my constituency to find their attitude to this amendment and Mr. Ketcheson, the secretary-treasurer, wrote to the Minister of Agriculture in regard to the matter. He said:

The proposed amendments to the Prairie Farm Assistance Act have come to my attention, and particularly the section of the amendment which will have the effect of excluding from the operation of the Act, all lands farmed under lease from the Crown, federal, provincial, or from municipalities, with the exception of those lands operated by veterans receiving assistance under Soldier Settlement or the Veterans' Land Act.

While I believe the amendment has merit in respect to submarginal lands that are classified as such, owned by the Crown and are being permitted to be cultivated, I do not believe that it is the intention of the amendment to apply to all Crown lands, or this type of legislation would certainly be discriminatory.

I have in mind particularly land that was acquired by the old Sask. Farm Loan Board by foreclosure of mortgage, and which has since been transferred to the Crown in the right of the province of Saskatchewan, and which lands are being, and have been under lease to tenants for many years. A particular instance of this nature is just one mile south of the town of Davidson, in this municipality (W $\frac{1}{2}$ & Pt. E $\frac{1}{2}$ 22-26-29-W2nd M.) This farm contains 422 acres and has been under cultivation for more than forty years, and the present tenant has operated it for the last four-

teen years. If Section 1 of Bill 209 is passed by the House of Commons, the occupant of this land will be deprived of any award under P.F.A., simply because he is unfortunate enough to be a tenant of the Crown and for no other reason. At the same time the 1 per cent P.F.A. levy will be deducted from all sales of grain from his farm and he has no opportunity to reap any benefit from his contributions.

As stated above, I believe that the proposed amendment has merit in some cases, but I believe that a grave injustice is going to be done to cases similar to that cited above. I believe that some exception should be made of lands that are not submarginal in nature and which have been under cultivation for a number of years.

I would be very pleased to have your comments on the above.

Right Hon. Mr. GARDINER: That particular farm is not eliminated by the new amendment because you say he had title to that land years ago.

Mr. DIFENBAKER: The Crown has title.

Right Hon. Mr. GARDINER: That is not what the bill says now.

Mr. DIFENBAKER: That is what I meant to ask; has the amendment you submitted the other day removed the objection that the municipality has in this regard?

Right Hon. Mr. GARDINER: Yes.

Mr. DIFENBAKER: Now, there is one other matter to which I would like to direct your attention, and it is in connection with the wording of this amendment. I think it is rather loosely worded. Would it not be possible to phrase it so there is no necessary repetition. It now states:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, nineteen hundred and thirty-nine, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to—

Would it not be more effective and less involved to simply say this: "For the purpose of this section," and then continue line 1, "lands not sold or granted, or not agreed to be sold or granted." It seems unnecessary repetition?

Right Hon. Mr. GARDINER: They are two different things.

Mr. DIFENBAKER: I suggest simply striking out "with respect to lands" in the first line, then start the sentence in the fourth line "for the purpose of this section—lands not sold or granted or not agreed to be granted by His Majesty prior to 1939 shall not be included."

Mr. ARGUE: That would mean that these lands would not be included in any Act, in any respect—

Mr. DIFENBAKER: Except—

Mr. ARGUE: Yes, except the exceptions. I would support that change. Lands deprived of prairie farm assistance would not have deducted from grain grown on it the 1 per cent?

Mr. DIFENBAKER: Yes.

Mr. ARGUE: Your amendment would say that lands that could not obtain bonus would not have to contribute?

Mr. DIFENBAKER: It is most unfair if you are going to take these lands and subject them to payment of P.F.A.A. and then deny any prairie farm assistance bonus. Surely it cannot be fair to say that these areas are removed and that they can never qualify for payment of the bonus. If you cannot qualify for payment of the bonus why should they be subject for payment of

the levy. I think it is an unfair proposition. Surely we should not impose a type of tax, if I may call it that, on an individual whose land is in an area which will be denied the payment of bonus?

Mr. DARROCH: I wonder how you honourable gentlemen would justify me paying my share of the two-thirds coming out of the dominion treasury. In Ontario we cannot collect any of it but we are paying our share of the two-thirds which comes out of the dominion treasury. Why should your farmers in Saskatchewan, who will undoubtedly benefit more, not pay?

Mr. DIEFENBAKER: They do not benefit more.

Mr. DARROCH: Yes, if one benefits the whole province benefits.

Mr. ARGUE: He is contributing anyway, even if he does not pay.

Mr. DIEFENBAKER: I see no objection to paying the prairie farm assistance levy if they are on good farm land but the individual farmer who can never benefit should not have a direct levy made on him. I am sure that the minister will agree with that?

Right Hon. Mr. GARDINER: No, I will not.

Mr. DIEFENBAKER: Then this is just another means whereby a tax or a levy will be made upon people who can never hope to receive anything out of it.

The CHAIRMAN: I think a motion to adjourn will be in order.

The committee adjourned.

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HOUSE OF COMMONS

STANDING COMMITTEE

ON

AGRICULTURE

AND

COLONIZATION)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

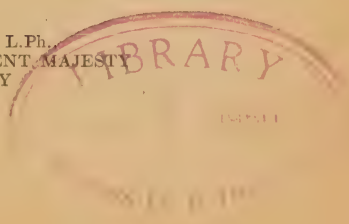
Bill No. 209—An Act to Amend the Prairie Farm Assistance Act, 1939

MONDAY, JUNE 5, 1950

STATEMENT BY

Right Honourable J. G. Gardiner, Minister of Agriculture

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.
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Aylesworth	Diefenbaker	Lesage
Bater	Dumas	Mackenzie
Bennett	Fair	McCubbin
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Courtemanche	Kickham	Wood
Coyle	Kirk (<i>Antigonish-</i> <i>Guysborough</i>)	Wright
Cruickshank	Kirk (<i>Digby-</i> <i>Yarmouth</i>)	Wylie

Clerk: Antonio Plouffe

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

Monday, June 5, 1950

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock a.m. The Chairman, Mr. A. J. Bater, presided.

Members present: Messrs. Argue, Bater, Bennett, Catherwood, Cavers, Charlton, Corry, Decore, Diefenbaker, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kirk (*Antigonish-Guysborough*), Kirk (*Digby-Yarmouth*), Laing, MacKenzie, McCubbin, Quelch, Studer, Wood, Wright, Wylie.

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture; Mr. G. J. Matte, Associate Director, Prairie Farm Rehabilitation and Mr. R. E. Motherwell, Private Secretary to the Minister.

The Committee resumed clause by clause consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Mr. Gardiner was again questioned in relation to the Bill and his suggested amendment thereto.

On Clause 1.

Mr. Hetland moved,

That the said Clause be amended by striking out paragraph (c) contained therein and substituting therefor the following:

- (c) with respect to lands not sold or granted, or not agreed to be sold or granted by His Majesty prior to the thirty-first day of December, nineteen hundred and forty, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to
- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,
 - (ii) lands in a Special Area in Alberta as constituted by or under The Special Areas Act, 1939, of Alberta.
 - (iii) lands approved by the Board and held by a co-operative farm association,
 - (iv) school lands, or
 - (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

And a debate arising and continuing thereon;

At 12.50 o'clock p.m., the Committee adjourned to meet again at 4.00 o'clock p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 o'clock p.m. The Chairman, Mr. A. J. Bater, presided.

Members present: Messrs. Anderson, Argue, Bater, Bennett, Catherwood, Cavers, Charlton, Coyle, Decore, Diefenbaker, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jones, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Quelch, Ross (*Souris*), Studer, Wood, Wright, Wylie.

In attendance: The same as are listed at the morning sitting.

The Committee resumed clause by clause consideration of Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

Mr. Gardiner answered further questions on the various clauses under study.

On the proposed amendment of Mr. Hetland to Clause 1.

After further debate thereon;

Mr. Diefenbaker moved in amendment to the said proposed amendment,

- (i) That all the words after (c) in the first line of the said proposed amendment up to and including the word "and", in the fourth line thereof be deleted, and
- (ii) That the words "such lands", in line 5, be deleted and the following substituted therefor: "lands not sold or granted or not agreed to be sold or granted by His Majesty prior to the thirty-first day of December, nineteen hundred and forty,"

After some debate thereon, and with the permission of the Committee, the said proposed sub-amendment was withdrawn by Mr. Diefenbaker.

Mr. Argue then moved in amendment to the said proposed amendment of Mr. Hetland,

That the words "thirty-first day of December, nineteen hundred and forty", contained in the third and fourth line of the said proposed amendment, be replaced by the following: "first day of June, nineteen hundred and fifty."

After some debate the question having been put on the proposed sub-amendment of Mr. Argue it was resolved in the negative on the following recorded division:

Yeas,—Messrs. Argue, Catherwood, Charlton, Diefenbaker, Jones, Ross (*Souris*), Wright—7.

Nays,—Messrs. Anderson, Cavers, Decore, Dumas, Fair, George, Gour (*Russell*), Harkness, Hetland, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Quelch, Studer, Wood, Wylie—21.

The proposed amendment of Mr. Hetland was agreed to.

Clause 1, as amended, was agreed to.

Clause 2, was agreed to.

On Clause 3.

Mr. Diefenbaker moved that the said Clause be amended by adding thereto a new sub-clause as follows:

"(2) Subsection one of section thirteen of the said Act is amended by adding after the word "elevators", in the ninth line, the following: "excepting in respect of grain grown in the areas defined in para. (c) (iii) of subsection three of section three".

And a debate arising thereon and the question having been put on the said proposed amendment of Mr. Diefenbaker, it was resolved in the negative on the following recorded division:

Yeas,—Messrs. Argue, Catherwood, Charlton, Coyle, Diefenbaker, Fair, Harkness, Jones, Quelch, Ross (*Souris*), Wright, Wylie—12.

Nays,—Messrs. Anderson, Bennett, Cavers, Decore, Dumas, George, Gour (*Russell*), Hetland, Jutras, Kent, Kickham, Kirk (*Digby-Yarmouth*), Leger, MacKenzie, McCubbin, McLean (*Huron-Perth*), Studer, Wood—18.

The said Clause was agreed to.

Clause 4, the Preamble and the Title of the Bill were severally agreed to and the Bill ordered to be reported to the House with an amendment.

The Chairman announced that the Report of the Canadian Wheat Board for the Crop Year 1948-49, tabled in the House on Tuesday, February 21, 1950, had now been referred to the Committee for consideration.

It was agreed that the Committee proceed with the latter matter at the earliest possible date. At 5.15 o'clock p.m. the Committee adjourned to the call of the Chair.

ANTOINE CHASSÉ,
A/Clerk of the Committee.

REPORT TO THE HOUSE

June 5, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

Pursuant to the Order of Reference of 19th May, 1950, your Committee has considered the following bill and has agreed to report same with an amendment.

Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

EVIDENCE

HOUSE OF COMMONS,
MONDAY, June 5, 1950

The Standing Committee on Agriculture and Colonization met this day at 11.30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Now, will you kindly come to order, gentlemen. It was rather too bad—I possibly should not say unfortunate—that we clashed with the ceremony in front of the buildings this morning. When I asked that the notices be sent out for this meeting I was not aware that that ceremony was set for 10.30. However, I know I am voicing the sentiments of the entire committee when I say that I am sure we were greatly privileged to have witnessed such a ceremony as we did this morning.

Today we are resuming consideration of Bill 209, an amendment to the Prairie Farm Assistance Act. We are on clause 1, subsection 2.

Mr. DIEFENBAKER: Mr. Chairman, I was speaking on this section at the time of adjustment, and some question arose as to what the nature of my amendment would be. I wish to move at this time that the words “with respect to lands” down to the fourth line, to the word “and”, be deleted.

Right Hon. Mr. GARDINER: This has not been moved yet. I think it is just a matter of discussion. Tell us what you think. Then we will discuss the subject. I read the amendment as we might want to move it; but I think we should discuss it first.

Mr. DIEFENBAKER: I will point out what the motion will be—

The CHAIRMAN: Where did you start?

Mr. DIEFENBAKER: I started from line 1— delete lines 1, 2, 3 and 4 to the word “and” and delete the words “such lands” in line 5, and add, in place of “such lands” these words “land not sold or granted or not agreed to be sold or granted by His Majesty prior to the third day of June, 1939.” Those are the words that now appear in the first three or four lines. The section would then read, “For the purposes of this section lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, 1939,” and so forth, “shall not be included”.

My purpose in making this motion is, first, to remove any doubt as to the meaning of this section as at present drafted and, secondly, it will have the result, as I understand it, of not having the one per cent levy made upon any farmers who live in the areas that are to be denied prairie farm assistance. In other words, I will expand what I have in mind. This is not in the nature of a general tax—this one per cent levy that is made on wheat marketing. It is, in effect, a levy made directly upon an individual farmer. On every shipment he brings in there is a one per cent levy made and deducted for the purpose of the fund from which these payments are made.

Now, if it is fair that these areas that are unproductive shall not be included as entitled to payment of the Prairie Farm Assistance Act bonus, then my contention is that the people farming their farms do so at their own risk. They know they are not going to get the Prairie Farm Assistance Act bonus but they should not have levied against them in those areas the one per cent levy that is made. In effect what you do is you say, “You are not going to get any bonus if you farm this area. We are going to remove you from participation in the fund.”

If they are removed from the people who participate in the fund, then I submit in fairness, Mr. Chairman, that they should not be liable to the payment to that fund from which they shall never be entitled to any payment.

This amendment is not in any sense a criticism of the administration. I will say this, and I say it through you Mr. Chairman, and I have not spoken previously on this matter. From time to time I bring to the attention of the Minister of Agriculture cases where I consider people have been denied payment of the bonus unfairly, and fairness demands that I state that the correspondence that I direct to his attention receives attention. One does not very often give credit where credit is due in politics, but I want to say that when I bring these matters to his attention they certainly are brought to the attention of the board of review and in a number of cases changes have been made.

In my own constituency—and this is one of those which is terrifically hit by drought—in my own constituency this year the situation is dark. Last year the situation was overwhelming in the southeast corner. There are areas there which were completely wiped out, to all intents and purposes.

Now, if the Act is to operate for the great majority, surely there is no fairness in a system that will penalize the individual or demand a contribution from him of one per cent if he chooses to farm in this area, but still denies him any participation if he loses out. It is not a good system. The argument might be raised that it applies to companies and so who farm, but they are in a different position. These are individual farmers. They are in areas where it is not expected they will receive much crop. They are going to be denied payment of these benefits. Surely they should not be subject to any detriment. It is in that spirit that I move this amendment. I know there are members from all parts of Saskatchewan who are affected: the member from Qu'Appelle, the member from Swift Current, the member from Humboldt—not to the same extent, because his area is very seldom affected—and the member from Maple Creek, who is in an area that he has spoken of on so many occasions. He is in an area part of which is subject to continuing drought.

Now, if these areas are going to be taken out of the Act, why should the individual who lives in the area for which he receives no return be penalized for living there and be asked to contribute one per cent to the fund from which he will never be entitled to any payment?

Right Hon. Mr. GARDINER: Mr. Chairman, I think I understand what the member for Lake Centre has in his mind, but I do not think his amendment would bring that about. In the first place, I do not think it should be brought about. If it is the intention to bring that about, then I do not think the amendment as proposed would bring it about. We are amending or proposing to amend subsection (iii) of section 3 of the Act, and subsection (iii) says: "no award under this section shall be made", and then I think you would have to have the words "with respect" and whatever you are going to say there. But if you start in "and no award under this section shall be made and for the purposes of this section lands not sold or granted or not agreed to be sold or granted by His Majesty" and so on, "shall not be included in computing the cultivated land of a farmer"—that "computing the cultivated land" only has effect when you are deciding whether a township is going to be in the area, and all this says now is that with respect to the lands, if they are cultivated, if the lands are not sold prior to the date as it is in here, the date of the Prairie Farm Assistance Act, then, in spite of the fact that they have been brought in since, have been cultivated since, they are not to be included when you are computing what the wheat yield is in that township. That is all it says now. You see, as I originally read our proposal, I thought I would have proposed to the committee before we concluded as an amendment to the Act: "with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty

prior to the third day of June, 1939." Now, what that says is "no award under this section shall be made with respect to the lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the third day of June, 1939." Then we go on to say: "and for the purposes of this Act if they have been cultivated" and there is grain on them, you pay no attention to that when you are considering what the yield is in that township. In other words, it is left out entirely in paying under this Act from that time on.

Now, with regard to the other question, as to whether you should leave out people who are not going to be able to collect, well there are people all over the Dominion of Canada who are not going to be able to collect who are paying in.

Mr. DIEFENBAKER: They do not pay the one per cent.

Mr. WYLIE: The irrigation people do.

Right Hon. Mr. GARDINER: But there are people all over the area itself who are eliminated from the payment under this Act but who pay the one per cent. The people on the irrigated land pay the one per cent, too, but they do not collect. All people who are in areas where this Act never does come into effect pay too, but they do not collect and they do not expect ever to collect, and to eliminate this small group—well, I cannot see how it would have any effect on them anyway, because they were not under the Act at all, but they are a small group who come in illegally, as we think, under this Act or come in against the best interests of the area and they grow wheat anyway and they take it to an elevator and when they take it to an elevator one per cent is charged on it. That is the thing which Mr. Diefenbaker wanted to eliminate, and I would say I would think they are the least eligible to be allowed to not pay the one per cent—that is, people who come in and try to get under the Act in spite of the fact that the conditions are not such in the area that land could be cultivated to advantage—to say to these people, "Well, you are the one group in that section of Canada that is not going to be taxed." I do not think it would improve the Act.

While I am on my feet, I would just like to point out I have a wire from the Minister of Municipal Affairs in Alberta which says that as we have the Act worded we are leaving out one small special area which has six townships in it. It was not our intention to do so. When this date was put into the proposed amendment I was intending that it would take them all in, but I am told now by the Alberta government it does not take them in. I do not know how many members of the committee have the proposed amendment before you, but if you were to take "lands in special areas," that is, item 2 in the amendment—"land in a special area in Alberta as constituted" there, and strike out "on the third day of June," and then leave it "as constituted by or under the Special Areas Act, 1939, Alberta," that will take care of this small district which has been brought in at a later date.

Then I had intended to suggest to the committee, if it meets with your approval, that in the main subsection, instead of saying "by His Majesty prior to the third day of June, 1939", which is the day the Act came into effect, that we put in the "31st day of December, 1940." That brings us down to the end of the first year the Act was in operation. It does not affect the matter very much, but it does cover this district that we are bringing in in Alberta, and I think maybe it would be fairer to everyone. It has given them an opportunity to see for one year what the position is under the Act and up until that time there would be no inducement for people who have got in because of the working of the Act, as it was not very well understood or known by that time, and so I am prepared to accept the suggestion that the date be "December 31, 1940," instead of the date the Act came into effect. That is probably an easier date for the people because it is the end of the calendar year, and it is probably an easier date than the summer to consider.

The CHAIRMAN: Are there any other speakers? If not, will someone please move an amendment?

Mr. HETLAND: Mr. Chairman, I would like to move an amendment.

Mr. DIEFENBAKER: Mr. Chairman, will my amendment not come first? I moved an amendment and I think it should come first, and then any subsequent amendments could come in.

The CHAIRMAN: I think your amendment will come in on clause C, Mr. Diefenbaker.

Right Hon. Mr. GARDINER: Just a moment; there is a little more here.

Mr. WRIGHT: Is Mr. Hetland moving an original amendment that clause C be amended? Is he moving an original amendment or is he moving an amendment to an amendment?

The CHAIRMAN: Mr. Hetland's motion will come first, and then Mr. Diefenbaker's will follow it.

Mr. JUTRAS: It is an amendment to an amendment?

The CHAIRMAN: Yes.

Mr. LAING: Is he moving an amendment to an amendment, or the amendment suggested by the Right Hon. the Minister?

Right Hon. Mr. GARDINER: I think Mr. Hetland wants to move the amendment which I have just suggested.

Mr. CHARLTON: Could we have it in a little more direct form?

Right Hon. Mr. GARDINER: You have the form in front of you and you can follow it with me.

The CHAIRMAN: The minister just read it out as he is amending it.

Mr. WRIGHT: I still do not understand, because I do not think this amendment is before the committee.

Right Hon. Mr. GARDINER: Well, Mr. Hetland will move it.

Mr. WRIGHT: He will move an amendment to the amendment.

Right Hon. Mr. GARDINER: No. This draft amendment is not before the committee at all except that I read it. I am not a member of the committee. I just read it as a suggestion before the committee, and I suggest from what you have before you, "prior to the third day of June 1939", that you strike out "the third day of June 1939" and substitute "the thirty-first day of December 1940"; and then down in subsection 2 strike out the words "on the said third day of June", so that it will then read:

(ii) lands in a Special Area in Alberta as constituted by or under

The Special Areas Act, 1939, of Alberta,

These matters that we have been discussing are all brought in under the orders in council passed under that Act, so the words "by or under" will cover what was done under the Act and in the few months following.

Mr. HETLAND: Mr. Chairman, I move that clause I be amended by deleting subsection (c) contained therein and substituting therefore the following:

(c) with respect to lands not sold or granted, or not agreed to be sold or granted, by His Majesty prior to the thirty-first day of December, nineteen hundred and forty, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer, and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

(i) lands disposed of to a settler or veteran under the Soldier Settlement Act or The Veterans' Land Act, 1942,

(ii) lands in a Special Area in Alberta as constituted by or under The Special Areas Act, 1939, of Alberta,

- (iii) lands approved by the Board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under The Prairie Farm Rehabilitation Act.

The CHAIRMAN: Gentlemen, you have heard Mr. Hetland's motion. All those in favour?

Mr. CHARLTON: Just a moment, Mr. Chairman. The other day I think the minister made the statement that he had no authority to declare that lands were sub-marginal, and that it was a provincial right.

Right Hon. Mr. GARDINER: That is correct.

Mr. CHARLTON: But under this proposed amendment to the original Bill 209 I see no reason to think that the situation has changed from what it was originally because under subsection C (v) I read "lands with respect to which an agreement has been entered into between the Government of Canada and the government of a province under the Prairie Farm Rehabilitation Act". Any agreement can be made with a province, as I understand it, and any lands can be taken in and any lands can be taken out.

Right Hon. Mr. GARDINER: Provided the amendment is made.

Mr. CHARLTON: So, what change is there from the original Act?

Right Hon. Mr. GARDINER: The change from the original Act is as follows: the original Act as it reads now mentions lands which have not been homesteaded or which have not been sold by the government "prior to the thirty-first day of December nineteen hundred and forty" so that these lands could not be brought under this Act by bringing them under cultivation. This was so of any lands which were not disposed of. The words used are "lands not sold or granted or not agreed to be sold or granted as of that date cannot be brought under this Act."

And that bears out what I mentioned on the 1st day we discussed this matter, that lands were thrown open or at least the odd sections were maintained prior to ninety-four to be granted as lands to railways. I think the last grants of that kind were made then. When the new government came in they started another program and asked the railways to name the lands that were to be selected from the grants. They had so many thousands of acres and they said: "Pick your lands before a certain date." The railways did select those lands, as I understand it, with very few exceptions prior to 1908. And I should say that all the time prior to that date there was the right to homestead on the even sections, but the odd sections were opened for railway grants. They were asked to select their land as of 1908. They did and then the government declared a policy of free homesteading and a policy sale of pre-exemptions, and individuals could buy any of the even or odd sections, after that time designated by the government as being thrown open for homesteading or purchase. That went on from 1908 to 1930; and down to that time any individual could select those lands; any company could select them, and railway companies selected a lot of them. There were immigration or settlers' companies that got possession of land and brought in settlers, as a result of it, and they all sold lands. What we are saying is that all the lands bought in that way by some local method prior to that time are lands subject to payment under this Act. But we are saying that if after the lands were turned over to the provinces and offered by the provincial governments down to December 31, 1940, and if this land had not been taken up under either of the systems, it should not be admitted under this Act. The different governing bodies had determined that these lands were not very suitable for settlement and the public themselves had determined they were not—because

they did not accept them. They did not take them as homesteads for nothing and they did not buy them from the government nor were they taken over by the railway companies or settlement organizations or colonization organizations or individuals, none of them thought that they were worth buying for cultivation. So we are saying that anybody who brings his land in after 1940 has to bring it in then under conditions where they do not receive the benefits of this Act. That is all we do say; that this land was not fit for farming.

As I said the other day, the amount of land involved makes up an area which I think figures in size about 20 million acres. I mean that nobody took those lands up and nobody thought them worth taking up, and we say that we should not induce them to take that land up by giving them the benefits of the P.F.A.A.

Mr. CHARLTON: What you say is quite true, but I think if a man has been there ten years at least he should have some consideration. I do not think, and I doubt if any member of the committee thinks, that they should be brought under the P.F.A.A. As I see it, whatever action is taken will be dependent upon the provincial and federal governments. If the minister would give us assurance that he will not continue to pay P.F.A.A. to the farmers on what is certainly submarginal land and that they will be taken over by the P.F.R.A. to do something with, then I think that is the right idea.

Right Hon. Mr. GARDINER: Maybe you will be able to understand this thing better if you look at this map. This is the one I wanted the first day I was here but I could not locate it. These red sections are the ones we have just mentioned, these are the sections that have drawn their prairie farm assistance nine to ten years out of eleven. There were no such payments made in 1942. This red section here is practically all a ten year section. Then you have the blue sections, they are seven to eight year sections; then we have the yellow section which is five to six years, and the green sections which are three to four years. What I was going to illustrate to you the other day was that this is almost identically the area—extending up either side of the Alberta boundary—to which I referred the other day which the Commission decided back in 1912 was not suitable for cultivation and said that it should not be so used, that it was to be ranching land, and it was the intention that it should be used in that way. That was their position. Then they drew a line which went from north of Calgary across to Long Lake in Saskatchewan. They said that all the land below that was questionable over to the Soo line. Their findings were not very far wrong based on the information we have on this P.F.A.A. map. You are probably right in saying that that land is sub-marginal. If we were starting all over again from the beginning we would say people should not be settled on it under the plan followed. What we are saying today is that in the past federal governments made mistakes and allowed people to go on these lands. Now we are saying to them that we want to get them out or adjusted just as fast as we can. We got 1,400 families that is not very many—but we got 1,400 families out before the war, starting by giving them land elsewhere, up in these other districts west of Medicine Hat. This is the kind of agreement we make with the province the member is concerned about. Again, the only agreements we are making with the provinces are to get people off these red lands near the boundary of Alberta and get them up to some of the lands a little further west, where they are forming a new community. We decided we should get people out of these red areas and put them over on to this five to six year land, or better still if we could get them on some of this three to four year land. If we can move them over on to the green areas which were only paid three or four years out of ten it would be still better. People moved on to these better areas would still be able to collect prairie farm assistance. The red land under agreements we are making with the provinces

will be put into pasture, which can be used by those on the green and yellow areas. This would result in the red areas where payments were made for ten years being turned into pastures for the use of those on areas where payments were only necessary for three or four years out of ten. We may move them to irrigated lands west of Medicine Hat. If the provinces owned the land onto which they were moved by agreement they would still collect under this Act unless the land was irrigated. In some of these areas you may have only a dozen farmers and you may have to move the whole lot of them out, and that would have to be done by some kind of an agreement with the province.

MR. CHARLTON: I wonder if that shows the land to which these people are being moved by the government of Saskatchewan? Could you indicate that to us?

RIGHT HON. MR. GARDINER: I am not sure of the exact land. I do not think I have a list of it. There is one township—in the south west corner of Saskatchewan—where 34 were issued.

MR. WRIGHT: It is unfortunate that that matter did not come up here the other day when we had Mr. Nollet before us representing the government of Saskatchewan. I recall that he referred to the fact that they were placing people on these lands in certain districts and I think we should have been told where those districts were. No doubt at the time he had all the data here to show where these men were being located and where these areas were that they were very anxious to keep people off. He stated here the other day there were 20,000 people now occupying those areas down there, people which the Saskatchewan government are just as anxious to get out of those areas as the dominion government is to have them out. They propose to move the largest number of those people up into the 200,000 acres which Mr. Nollet stated was being taken out of the forestry reserve in the northeastern part of Saskatchewan. That 200,000 acres is being taken up—and it is in my constituency—and there is no secret about it, but a lot of farmers' sons are anxious to get on that land when it comes out for farming purposes. Despite the fact the people in the north are anxious to settle on it those lands have been reserved for people who have been moved from the P.F.A.A. ten year payment claims; they are being brought up and put on that land which has never come under payment of P.F.A.A. This amendment proposed by Mr. Gardiner would make those men who were being moved out of P.F.A.A. nine and ten year lands in the south and being settled on better land in the north, pay their 1 per cent levy on the land, but they will never be able to draw P.F.A.A. payments on it. Now I should qualify that by saying that under clause 5 it would be possible where the provincial government reaches an agreement with the federal government with respect to moving these people off P.F.A.A. land into the north, that they still could qualify under the Act. As a matter of fact I think they should qualify under the Act. It is all right to say that we will take these areas out and not pay P.F.A.A. on them but there are people who have lived there thirty years or forty years, and you cannot withdraw that land tomorrow from P.F.A.A. and say that you are never going to make payments, unless you are going to provide in some other bill the means to take them somewhere else. P.F.A.A. was doing a good job before the war, but when the war came along the resettlement of these people stopped pretty nearly completely except for those who moved voluntarily.

In my opinion we have to co-ordinate the two Acts, the P.F.A.A. and the P.F.R.A., to take care of those people that we are taking out of the Act as amended. I am perfectly willing that these people should be taken or moved either into the irrigated areas or to the northeast part of the province on these newer lands which are being taken out of the forestry area. But you must remember that these people have been living and working for a generation under

dry farming conditions. You are moving them into the north, into the bush area where it costs \$30 to \$50 an acre to clear the brush and to provide the land with which to start their operations. It is not fair nor right that those people should be just sent up there. In the early days some came voluntarily and others were persuaded to come up and settle on the bush land without having any capital. It means, under those circumstances, that they spend ten years of their lives working with a grub, trying to grub some trees out until they get ten or fifteen acres clear. In this day and age where we have bulldozer equipment and so on, it is only right, in my opinion, that the government through grants, or loans, or the P.F.R.A., or grants and loans combined, should provide some assistance in getting the first forty or eighty acres cleared. To put them on the irrigated area the government is going to have to spend money irrigating the land; and I think that equally the government should spend money in co-operation with the province in moving these people off the lands in the south, either to the irrigated areas, or the northeastern part of the province. I am quite in agreement with this bill if that is done.

Right Hon. Mr. GARDINER: That is done here.

Mr. WRIGHT: Well it will have to be done because these people are going to have to have some kind of assistance. They are going into an entirely new type of farming, something they know nothing about; they have been used to open area farming—dry land farming—and they are going up into the bush land. Mr. Hetland knows all about this problem because many of those people came from his constituency in the 1930's to my constituency.

There is one thing I do not like about the amendment and that is that it is retroactive. It covers lands sold since 1940 by the municipalities or by the province to people who purchased it in good faith. When they bought it they were told that P.F.A.A. payments could be made on the land and would be made on the land. By this legislation we are saying to the people who bought that land in good faith that they cannot get P.F.A.A. aid any more. I do not like that type of legislation, nor do I like any legislation which is retroactive and interferes with contracts which men make in good faith. I would suggest that instead of "31st of December, 1940," that it should read the date that this Act becomes effective. I do not think it is a good principle to pass legislation in parliament which interferes with contracts made by people who have bought those lands from the municipalities or the provincial governments in the last ten years.

Right Hon. Mr. GARDINER: I will just say something in reply. This amendment does achieve exactly what Mr. Wright says ought to be done. The thing it makes impossible is for either the province or anyone else to bring in any group of entirely new people, from perhaps the European continent or somewhere else, onto that land and then have them come in under the Act. Even if people are brought in from some other part of Canada, for instance, and are put on this land, they will have to be put on under conditions which will not necessitate the support of this Act.

Under another Act, because we cannot do it under this Act, we have been asked for financial aid in clearing land—in other words getting bulldozers and other things to clear the land and it has been suggested that if we do that, we will have some say in the people who are brought in—where they come from and so on; and they are prepared to take people out of the southwestern part of the province and move them up there. All this bill says in the first place is that the land is out because it was not sold or disposed of prior to the 31st of December, 1940—but, if the province and the dominion wish, under the P.F.R.A., they can do just the thing my friend has been speaking about. All we are getting out of it is the right to take people off the red and the blue areas I spoke of. We would say in any agreement made that so many people must be taken out of those areas and that the area would then cease to be under the P.F.A.A. We

would be taking people off land where they are almost certain to get P.F.A.A. assistance seven years out of ten, and we are putting them on an area where they are almost certain not to get it one year out of ten. That is the kind of thing we wish to do here under the two Acts. All the province needs to do to get the land under the Act is to enter into some agreement with the dominion whereby both governments are satisfied that the situation will be covered.

Mr. WRIGHT: I want to ask the minister if there will not be some people who bought land in good faith prior to 1940 from the provincial or municipal governments who will be barred under the Act?

Right Hon. Mr. GARDINER: There will be some, and the numbers are fairly limited up to now. I do not know how limited they would be. As I said, we had a discussion the other day after the committee meeting to the effect that I thought it was best to permit this amendment to go through, now, approximately as it is, and to have one year's experience with it so that we would all know better who it puts out and who it puts in. We can discuss the question a year from now better than we can at the moment when we are only surmising. I think there are quite a few in that should not be in, and I think they should be kept out. I am not thinking of anybody in particular because I do not know of anyone in particular. Take any place where there was a farmer farming and he had settled, say, three-quarters of a section, he had 400 acres under cultivation and maybe he had two sons and they were working land and pasturing stock on land near it; well, they found that under P.F.A.A. if they had another one-half section of land or three-quarters of a section among them they could bring another 400 acres under prairie farm assistance. Well, I think everybody would be agreed that we ought to try to keep those people out; they are simply using the Act for the purpose of getting in under. I do not know how many of the quarters were brought in for that reason but I think every one that was brought in for that reason or a similar one we ought to see barred out, and, with this legislation on the statute books, I think it will take a year of checking in order to determine whether we have created very much hardship for them.

Mr. DIEFENBAKER: Approximately how many are in that position now according to your check to date?

Right Hon. Mr. GARDINER: I have not any exact figures. There are some thousands who have gone on the land under these proposals, something like 4,000 altogether—

Mr. DIEFENBAKER: And how many of those are in that position?

Right Hon. Mr. GARDINER: And I want to say two-thirds of those are returned soldiers who have gone in under proper investigation. I think there are probably one hundred about whom there would be some question and we want to check these with this legislation on the statute books. If we find there is any hardship to any great number of people we will fix that next year, but we ought to let people know what we are going to do under this Act now. The member for Melfort may be perfectly right in saying that some of these people went in not with the intention of getting under this Act, and they may have accidentally got under it. Well, it is not our intention to be hitting at these people particularly but I think that we must leave it retroactive, at least to the date I have mentioned, in order that we can go in and check properly to know where we are at, and if it is necessary to do anything that has been suggested here, why, next session we will do it.

Mr. ARGUE: I hope the question I have to ask has not been covered already. I was very much interested in the illustration the Right Hon. Minister just gave us about a man who had 400 acres under cultivation in the southwest some place and had two sons who might want to start a farm and then they found some prairie, some pasture, some place and proceeded to break it up in order that one of the sons might come under the Act.

Did the minister have in mind only crown lands when he gave that illustration or did he have in mind any land?

Right Hon. Mr. GARDINER: I had in mind only land which had never been previously bought or homesteaded.

Mr. ARGUE: Owned by the crown?

Right Hon. Mr. GARDINER: Yes.

Mr. ARGUE: Well, I would just like to ask the minister why he would not consider making that part of this clause deal with Hudson's Bay land as well as C.P.R. lands and privately owned lands, if it is prairie and sub-marginal. I for one do not want anybody cultivating it and getting under this Act, it certainly is not of service to that person to let him work sub-marginal land even if he did get \$200 or more out of it, because he is going to spend a lifetime of misery in continuing to cultivate that land. I am all for preventing sub-marginal land coming under this Act, but why make it apply to just crown land, why not bring in Hudson's Bay land?

Right Hon. Mr. GARDINER: It does not apply just to crown land as it is now drafted, and in the light of this report which I have and which I had not seen until we got into this committee—and that, by the way, is another reason we ought to have these discussions more frequently—this provincial report shows lands, class I, sub-marginal, that is, the acreage and percentage of all lands in each land class for sixteen rural municipalities in southwestern Saskatchewan. I may say that the centre of these municipalities is Swift Current, and most of the land around there is privately owned. There is very little government owned land in that area, and they say the sub-marginal section of it is 37 per cent—

Mr. ARGUE: Who wrote that report?

Right Hon. Mr. GARDINER: This is Economic Classification of Land, and it is by those people who classify land.

Mr. ARGUE: What organization, what department of the government? Is it not in effect a report made in co-operation with the federal Department of Agriculture?

Right Hon. Mr. GARDINER: Well, it may be in co-operation with the department, but it is the basis for the economic classification of land in the terms of wheat production, and is brought out by this committee that my honourable friend has been referring to—

Mr. ARGUE: Who are they?

Right Hon. Mr. GARDINER: You know their names, give them to the committee.

Mr. ARGUE: I beg your pardon?

Right Hon. Mr. GARDINER: You know their names?

Mr. ARGUE: No, I have a survey before me but I have not the report the minister has, but I have seen reference to it from time to time.

Mr. LAING: Is it good material or bad material?

Right Hon. Mr. GARDINER: This is the organization set up by the provincial government to do this job.

Mr. ARGUE: And the federal government?

Right Hon. Mr. GARDINER: No, it is set up by the provincial government to do the job. This is the report to the legislature of the province of Saskatchewan.

Mr. ARGUE: I would like to see the report.

Right Hon. Mr. GARDINER: You have been quoting it in the House and here, so you must have it.

Mr. ARGUE: No, I have not. I believe the officials who made the report have had their salaries paid by the dominion government. I am not quarrelling with the report, but the point is that it is not a report of the Saskatchewan Land Utilization Board.

Right Hon. Mr. GARDINER: It is a report of the Saskatchewan Land Utilization Board.

Mr. ARGUE: Well, if you say it is. I would just like to see if it is.

Right Hon. Mr. GARDINER: You can have a look at it when you get through. I am saying that they have reported that 37 per cent of the land is sub-marginal; that they have reported that 18 per cent is marginal; and then they have reported that 32.8 per cent of it is in the largest class of super-marginal, that is, above margin; and 10 per cent is in the next class above; and only 1.6 per cent is in class V. Now, class V is the sceptre heavy clay loams my honourable friend was speaking of. There is 1.6 per cent of it in that, so I think I will have to make a check with Justice and others to see whether that classification made by the provincial government does not put a lot of land out, even under the law as it is now provided. With that one suggestion, I would say that the answer to the question first raised by the member for Assiniboia is that we are accepting responsibility for what was done by the federal government during the time when it had control of these lands; we are accepting responsibility for what was done by the province under two different governments from 1930 until 1940, for ten years, and we are saying that the lands that you put out during that period of time, well, it is quite all right for them to come under this Act. But we are saying that of land that was put out after all that work was carried on by different governing organizations; surely any lands that were left out then were definitely sub-marginal. We are saying there is no way in which those lands can be brought in unless they come under the Soldier Settlement Board or unless they were brought in under these organizations set up in Alberta, or unless they were school lands. The only reason we say school lands is that those school lands were set up by the constitution of Canada to be utilized for school purposes. That is a trust fund, and we are not going to interfere with that trust fund. And so we say: now, leave the school lands in. We also say we are prepared to bring in any lands that we have first discussed with the provincial government under P.F.R.A. and have made arrangements to have these lands brought in under conditions in which they believe the farmer will make a living on them. We will bring those in. The only other lands that have been brought in are those under the co-operative farm arrangements.

The CHAIRMAN: We will meet again at 4.00 o'clock this afternoon, if that is agreeable to you all.

Agreed.

The committee adjourned.

AFTERNOON SESSION

MONDAY, June 5, 1950.

The CHAIRMAN: If you will kindly come to order, I will read the motion. I see there are one or two members of the committee present this afternoon who were not here this morning, and for their benefit I will read the motion made this morning by Mr. Hetland:

That clause 3 of the bill be amended by striking out paragraph (c) contained therein and substituting therefor the following:

with respect to lands not sold or granted, by His Majesty prior to the first day of December, 1940, and for the purposes of this section such lands shall not be included in computing the cultivated land of a farmer

and the grain grown thereon shall not be included in computing the average yield in a township, but this paragraph does not apply to

- (i) lands disposed of to a settler or veteran under the Soldier Settlement Act or the Veterans' Land Act, 1942,
- (ii) lands in a special area in Alberta as constituted by or under the Special Areas Act, 1939, of Alberta,
- (iii) lands approved by the board and held by a co-operative farm association,
- (iv) school lands, or
- (v) lands with respect to which an agreement has been entered into between the government of Canada and the government of a province under the Prairie Farm Rehabilitation Act.

That is the motion before the meeting.

Mr. DIEFENBAKER: Mr. Chairman, I propose an amendment to the motion by Mr. Hetland by making a slight alteration in my amendment now in order to cover the extension of the date to which reference was made by the Minister of Agriculture.

I move the amendment that I placed before you, sir, with one alteration, and that is the date 3rd June, 1939, be the 31st day of December, 1940, in order to bring it into conformity with the discussion which took place.

I am not going to repeat the argument that I advanced this morning on behalf of my amendment, but I contend that in so far as this amendment is concerned, it would be unjust to ask these people who had settled in this period since the 31st of December, 1940, and who are thereby under this amendment which is retroactive in effect, to which reference was made by the member for Melfort, to contribute and receive no benefit at all.

The minister mentioned other areas in the same position. Well, the fact that it may apply to irrigation districts where payment is required and no advantage is secured gives no validity to a continuation of the practice that is, in my opinion, unjust and unfair. The acceptance of my amendment would amount to this, that Mr. Hetland's motion would stand but it would be subject to one qualification: that in the areas that will be denied payment of the prairie farm assistance bonus the people living in those areas will not be liable to a one per cent contribution in view of the fact that there is no return available to them.

Right Hon. Mr. GARDINER: Mr. Chairman, may I suggest that I am not objecting to our friend moving that amendment because we can discuss that at this time. If you will look at section 3 of this amending bill it deals with that very question. We are now amending section 3 of the original Act, but the point which you are raising concerns section 13 of the original Act and this is dealt with in section 3 of this bill. It says:

3. Subsection ten of section thirteen of the said Act, as enacted by section four of chapter twenty-four of the statutes of 1947-48, is repealed and the following substituted therefor:

"(10) For the purposes of this section the expression "mill" means and so on. The other subsection of that section dealt with the question of the one per cent. You notice in explanation across the page it says:

3. This amendment will exempt from collecting the 1 per cent levy those mills that manufactured flour during the war but have discontinued doing so, and will put them in the same position as other feed dealers who are at present exempted.

In this case I think, if the hon. member would accept the suggestion, that it is when we get down to 13 that we are in a position to discuss his amendment. It would not be in the same section, but this amendment is for a section which deals with a different subject.

Mr. DIEFENBAKER: I had considered that, and I felt that in view of the peculiar wording of section 3, even though section 13 was to be amended too, it would be necessary to strike out the words in question, which I have asked to be struck out in order to make section 13 applicable under the circumstances.

Right Hon. Mr. GARDINER: Well, I am sorry; we do not seem to understand one another. Section 13 has the one per cent levy. Now you are proposing to make an amendment to the provisions for the one per cent levy. You are saying that the one per cent levy should not be applied to certain persons.

Mr. DIEFENBAKER: I will not insist now as long as I have an opportunity of moving the amendment. If that is the opinion of the Crown that this amendment that I suggest ought not to be moved to subsection 3, then I will not press it at this point. I will move it later, but I want to have it in the proper place and I do not want to be placed in the position after the particular section—section 3, subsection 3—is passed that it is going to be said to me: "Well, now, having allowed that to go through you are precluded from moving this amendment." As long as that is clear it does not matter to me where the amendment comes in as long as I have the opportunity to move it.

The CHAIRMAN: I think we can promise Mr. Diefenbaker that we will take it up when we come to section 13, but it will be clause 3 of this bill and it will come under section 13 of the Act.

Now, you have heard the motion of Mr. Hetland—

Mr. ARGUE: Mr. Chairman, if Mr. Diefenbaker wishes to proceed with this amendment at another place, I have an amendment here that I believe should be in order at this particular time, and I would like to move it. It has to do with the date in this paragraph (c) and further down in subsection 2 of paragraph (c). I think it is in order that an amendment be moved changing the date in view of the minister's own change of the date brought in in his amendment this morning.

The reasons for moving that are clear. As the bill now stands it would apply to all lands sold since the 31st day of December, 1940, and, therefore, is retroactive back as far as December 31, 1940, and means that any farmer who purchased land in good faith subsequent to that date cannot obtain payment on it unless, of course, he comes within any of the exemptions listed further on. I think it is grossly unfair that this retroactive feature should be maintained.

Now, as I understand the amendment that Mr. Diefenbaker wishes to move, his amendment would provide that any of the land that is being removed from the benefits of the Prairie Farm Assistance Act would not be eligible to pay the one per cent deduction. My amendment would only say that anything that is proposed to do in this bill be done only from now on and not made retroactive.

My amendment would read as follows: That sub-clause C be amended by deleting the words "December 31, 1940" in lines 3 and 4 of the amendment of Mr. Hetland, and substituting therefor "the first day of June, 1950." That would mean that anything we are doing under this bill would be done on land that is purchased in the future. If a man wished to purchase crown land or land owned by a municipality, or land owned by the federal government, if this amendment were adopted, he would know when he purchased that land that it would not be eligible for payments.

The CHAIRMAN: You said "the first of June". You mean 1950?

Mr. ARGUE: Yes, 1950. I should have added that perhaps. Here is my amendment. I am afraid it is pretty rough, but if you can decipher it, here it is: the effect would be to remove all retroactive features of the present bill.

The CHAIRMAN: Mr. Argue moves an amendment to Mr. Hetland's amendment. Mr. Argue moves an amendment to the proposed amendment that the date of the "31st of December, 1940" in lines 3 and 4 of paragraph C be changed to "June 1, 1950."

Right Hon. Mr. GARDINER: I would just point out in the first place that I doubt very much if that could be done unless we get the consent of the government through a motion of the minister to have it done after we get the bill back to the House, even if the committee desires it, because it requires the expenditure of more money. However, I shall not rest on that in asking the committee to vote against it. That could be dealt with generally when we get the bill back to the House. The amendment is brought in for the purpose of checking a situation which is developing and which may, if continuous, bring the Act itself under criticism. So I am most anxious that we have this year an opportunity to be able to make a check and to be able to come to the House with a very full report of the situation a year from now. When we changed the dates from the 1st of June to the 31st of December, 1940, as in the proposed amendment, the effort there was to take in just as many as we think are entitled to payments under this Act, without any question. And it leaves us in a position to make a full check of somewhere around 500 to 1,000 people who apparently have come in under the Act during the last three or four years but who were not intended to be brought under it when the Act was passed.

If we find out in the check we make that we are wrong in supposing that that has happened, we shall bring the bill back here for reconsideration next year on that point. But at the moment we think it would require this legislation in order to make the proper kind of check upon what is going on at the present time and to be able to check such action as we can recommend to be taken by the House a year hence; so I would like to have the resolution passed as it was moved by Mr. Hetland a few moments ago. I think, it is in the interest of the Act itself, in the interest of western people, and in the interest of those who are paying to finance this legislation that it be put on that basis at this time.

Mr. QUELCH: I was wondering if it would not be possible to reach a compromise as between those two dates. Would it not be possible to put the dates forward a bit from 1940 and still include the areas which you have in mind which are increasing the cost of the payments to be made; I mean the payments on land which you consider should not be paid upon. Would it not be possible to advance 5 years and still cover that? There will be certain lands outside of Special Areas in different parts of Alberta and Saskatchewan where undoubtedly harm will be done in a few isolated cases. I was wondering if it would not be possible to remove that injustice and still bring in all the areas that the minister has referred to? I do not suppose there would be any opposition to the idea, would there?

Right Hon. Mr. GARDINER: Some of us get a little touchy on these things. I do not want to get the dates anywhere near the time when governments change.

Mr. ROSS: Do you think you are about due for a change?

Right Hon. Mr. GARDINER: No, I am not thinking of that. I am thinking of the previous changes. And I think that this date is just about as far as you can go without getting into difficulties with those questions. I do think we could consider the matter on its merits without some person saying we are doing it for this reason, or another person saying we are doing it for some reason. I think this date is about the right place, when everything is considered. I think most members are ready to admit that in the past we have not tried to get people out from under this Act when there was any justification for having them in. We have rather attempted to keep as many as possible under it, and I think that will continue to be the intention in the administration of the Act. I do not

think that anyone will be hurt by giving authority to the board and to myself to conduct a full investigation during this summer. We shall be back here in time next year anyway to take care of the requirements of any person. I think it would be much better for them to go and talk with the authorities under the Act than to be told: "Do so and so." I do not think anyone will be hurt by it.

Mr. ARGUE: I want to agree with the minister that so far as I know the administration of the Act in the past has been fair; and while I do not think the intention was to exclude any large areas from the Act, we know in the past certain people have been excluded and we also know that almost every new amendment that has been brought in under this bill has brought in additional areas and made them eligible for Prairie Farm Assistance. I for one do not want this Act to be used to encourage people to go on to sub-marginal land, and I would be happy to support an amendment which would prevent all persons in the future bringing in sub-marginal lands. I also feel that it is wrong to make this provision retroactive; and I think a clear distinction ought to be made between sub-marginal and super-marginal lands. But since that has not been done, I have proposed this amendment.

Mr. ROSS: I am very sorry that I was not here this morning. I wonder if you could tell us what Mr. Hetland's proposed amendment was? I had to be in the House, and I could not be in two places at once.

The CHAIRMAN: It was this, Mr. Ross. It was moved by Mr. Hetland—oh, have you got it there?

Mr. ROSS: Yes.

Right Hon. Mr. GARDINER: I think what Mr. Ross wanted to know was the reason for the change.

Mr. ROSS: That is right.

Right Hon. Mr. GARDINER: The change in subsection 2 was that we dropped "on the said 3rd day of June" because we found one special area in Alberta that would come in after that date and we did not want to eliminate it. We got a wire from the minister indicating that; and lifting it would leave those areas under the Special Areas Act of 1939. The other change was: "3rd day of June" was changed to the "1st day of December 1940". That was done partly because it related to people who came in in December 1940 later than when the Act was passed, and I thought we had better make it December 31, 1940, to enable those people to get in.

The CHAIRMAN: In answer to Mr. Quelch, I shall read paragraph 674 of Beauchesne, the third edition:

674. The Committee cannot agree to any clauses involving payments out of the public funds, or imposing any tax or charge upon the people unless such clauses have been previously considered by resolution in Committee of the Whole.

Are we ready for the question?

Mr. FAIR: This committee has got along very well and at this time I would not want to see any great division of opinion, Mr. Chairman. So I was wondering if we could not compromise in some way according to the rules you have just read. Is it not possible to agree to Mr. Quelch's suggestion without going back to the House? The minister stated that after a survey had been made we could come back here a year hence and look the matter over; and if people are being abused who should not be abused, the matter would be taken care of.

The CHAIRMAN: That seems to be in agreement.

Mr. FAIR: It is not an easy matter to decide one way or another. As it has been pointed out, it is not very nice to pass retroactive legislation. On the other hand I can see the minister's point of view. It is a promise that he will, a year from now, deal with the matter in a way that is satisfactory.

Right Hon. Mr. GARDINER: I can give more assurance to my hon. friends. Since we met this morning and before the meeting this afternoon, we had a meeting of council and I discussed this matter with council, and they agreed with what I suggested. They think it should be retroactive in order to make the check that we want to make; and they are also committed to the undertaking I have given to the committee that if we find it is creating hardships which should not be created under the spirit of the Act, we shall have amending legislation next year.

Mr. QUELCH: In order to get the benefits of section 2, a certain price had to be paid. In order to get the rectangular blocks taken out and to have blocks which would be contiguous to one another, it would mean increasing any payments to some extent.

Right Hon. Mr. GARDINER: That was under the legislation brought into the House.

Mr. WRIGHT: The hon. member from Humboldt has moved an amendment to the Act which might involve an expenditure of money. I wonder if the amendment of the hon. member from Assiniboia could not be considered to be in order? They are both members of the committee. They are both moving amendments. I would like to have the point cleared up.

Right Hon. Mr. GARDINER: I would point out that this matter was discussed in the House before it was submitted to the committee at all. You will remember that in introducing the bill I made a mistake first in allowing it to go to first reading before it was printed in its final form. The bill was allowed to go to first reading and when we asked to have it withheld from the printer until such time as we had it printed in its correct form we were instructed that the rules prevented our doing so. In view of the fact that we did not do it before first reading of the bill it had to be presented as it was at that time. I explained the matter to the House and asked the House to allow the bill to go to the committee on the understanding that we would put it into proper form, the form in which it had been intended that it should be in before it got first reading. This was fully covered in the discussion which took place there. The situation now is that I think you would be quite right in saying that it was the intention to change this clause when it came into committee and to change the date to what we have in the amendment moved by Mr. Hetland; there is some change in the bill there.

Mr. WRIGHT: That is the point.

Right Hon. Mr. GARDINER: As I said a moment ago, I did not want to put the issue on the question of confidence. So far as the point now before the committee is concerned, we can settle that at whatever time the bill comes back to the House, but I think your committee can make a recommendation to the House which we are all pretty well agreed will give us an opportunity for doing what we think ought to be done, but I do not think we can do it if we follow the suggestion that has been made until we make that check back over the years in order to get maybe one hundred cases or maybe two hundred cases—I don't know how many—but in any case I think it should be changed, and if it turns out that there are not any cases, all well and good; if it turns out there are cases that will create hardship then I am suggesting we come back here next year and discuss this question with all the facts in front of us and make such amendment as may be necessary.

Mr. WRIGHT: The member for Assiniboia (Mr. Argue) was going to suggest another amendment which would do exactly what I think the minister thinks ought to be done, and the suggestion now is that we add an additional clause, clause 6, to the amendment moved by Mr. Argue that anything relating to lands which the board have declared unsuitable for purposes of cultivation

would be dealt with as suggested in clause 4, and that would give the board power to review those cases and make their decision on the basis of their own interpretation of the law. The minister might be inclined to accept that in which case the other one might be withdrawn; that would give the board the power of deciding whether these lands should be included or not.

Right Hon. Mr. GARDINER: Well, I do not see any harm in accepting this, but I am afraid it lays itself open to those who are administering the matter deciding as between this person and that one, and I do not like to have anything in the Act which provides that. Persons might say what they might be entitled to; but, after all, what we are really saying there is that the board which acts under this Act as a sort of appeal board from those who are administering the Act itself, and they say that this one can come in and that one can't come in; and they refer it to the board and the board would say; well, here is a man who is trying to get in, and our people would say: here is a man who was trying to avoid the terms of the Act, trying to get some land in, trying to get his holding into two portions rather than one; and, therefore, we won't let him because we don't let a man in when we find him doing that; and then here is another case of a man perhaps doing the same thing and the board just declares he didn't do that. I am afraid you give him a little too much leeway in a section such as you suggest.

Mr. WRIGHT: If you are going to give them that power under this clause 3, they have it in that clause anyway. A farmer should not be allowed to get started in one of these submarginal areas, but here the Board is given that authority under clause 3; it can do it in the manner suggested in the amendment.

Mr. QUELCH: If the minister will accept that for one year, then if at the end of one year he found it didn't work it could be brought back here and reviewed by this committee.

Right Hon. Mr. GARDINER: The complications there are exactly the complications which the minister from Alberta was very clear that he wanted to avoid, and I am very clear that I want to avoid them as far as I am concerned. The position taken there is: he does not think there are any lands among those that ought to come in. I don't think there are either; and I know that he is having the life plagued out of him to let lands in, and he therefore welcomes this amendment. I know if that provision is put on there the case of every person who wants to get in on that basis will have to be decided. I don't want to have to be deciding their case. I am already decided in my own mind they all ought to be out, but at the same time I know some here who think they ought to get in. I would rather have it as it is.

The CHAIRMAN: Are you willing to withdraw your amendment, Mr. Argue?

Mr. ARGUE: Are you going to read it now?

The CHAIRMAN: If you want to have it voted on we will vote on it.

Mr. ARGUE: Well, I think the committee has that right. The House doesn't have to accept it when we get back there. I would like to have a vote on it.

The CHAIRMAN: We are now going to vote on the amendment to the amendment, that is the subamendment moved by Mr. Argue which changes the wording in the motion moved by Mr. Hetland as to the date it is to take place, the 31st of December, 1940; that that date be changed to June 1, 1950.

Those in favour?

Those opposed?

In my opinion the nays have it.

Mr. ARGUE: Is that a recorded vote, Mr. Chairman; are our names on the record?

The CHAIRMAN: Do you want a recorded vote?

Mr. ARGUE: Yes, Mr. Chairman; I now ask for a recorded vote.

The CHAIRMAN: You want it recorded?

Mr. ARGUE: Recorded in the minutes.

(Vote recorded: Yeas 7; Nays 21.)

The CHAIRMAN: I declare the amendment lost.

Now we come to Mr. Hetland's amendment. All in favour?

Carried.

Shall clause 1 as amended carry?

Carried.

Shall clause 2 carry?

Carried.

Shall clause 3 carry?

Mr. QUELCH: When you permit an amendment do you strike out the words that were there "—on the said 3rd day of June—"?

The CHAIRMAN: Oh, yes.

Mr. DIEFENBAKER: This is the section to which my amendment will be applicable. I move that the bill be amended by adding to clause 3 a new subclause as follows:

(2) Subsection 1 of section 13 of the said Act is amended by adding after the word "elevators" in the ninth line the words "excepting in respect of grain grown in the areas defined in paragraph (c) (iii) of subsection 3 of section 3 of the said Act".

The section would then read:

13. (1) Notwithstanding the provisions of the Canada Grain Act a levy of one per centum shall be deducted from the purchase price of all grain purchased by or through the managers of licensed country elevators, licensed grain dealers, licensed track buyers or licensed commission merchants and unless, previously deducted by such licensees, a levy of one per centum of the purchase price shall be deducted on all grain purchased by the managers of licensed mill elevators and licensed terminal elevators, excepting in respect of grain grown in the areas defined in paragraph (c) (iii) of subsection 3 of section 3 and transferred to the Board of Grain Commissioners for Canada as hereinafter provided.

That would be in effect to except those who are denied the benefits—except them from payment of the 1 per cent levy.

Mr. JUTRAS: I have a great deal of sympathy, I must say, for the amendment put by the honourable member for Lake Centre. However, I cannot support it at this time because if we were to start eliminating certain areas in Saskatchewan we would certainly have to consider eliminating certain areas in Manitoba. I do know there is a feeling that we have been holding the short end of the stick in Manitoba. When you had a look at the coloured map this morning you no doubt noticed the province of Manitoba was shiny white on the map. That presented quite graphically the little advantage that we do get from this Act.

A few years ago we did ask to be taken completely out of P.F.A.A. on that basis. At that time the argument was that this was a joint effort of the three western provinces and everybody would have to contribute or it would fail. I know that in many townships in Manitoba we could make quite a case for being eliminated from contribution of the 1 per cent so I think it would be dangerous to start creating certain preferred classes for the benefit of the contribution.

Before we do that we would have to consider the advisability of cutting out other sections because there are sections where they have never qualified and the chances are that they never will. As a matter of fact there are some areas in the province of Saskatchewan on that basis and even those would be entitled to be listed out of contribution to the Act. I say that in my estimation this is a dangerous precedent as far as the Act is concerned.

Mr. DIFENBAKER: May I just reply to the honourable gentleman and my reply is that there are areas in Saskatchewan which are in identically the same position but, no matter what the area may be, through the years as history has shown there comes a period in which there is a failure. In the case mentioned by the honourable gentleman, the areas in Manitoba, there is entitlement to payment if that failure comes. In the present case there is a denial of any entitlement, no matter what the failure may be, but nonetheless there is payment required. That is the distinction between the case raised by my friend and this one here. Here no matter how often they pay they will never be entitled, although still there will come the years which occur in practically all parts of the west when there is no crop; and, in this case there is still no entitlement.

Mr. JUTRAS: I might add that there are many parts in Manitoba and Saskatchewan where they really have, so to speak, no entitlements, because of the geography or topography of the land. The cases will be very much similar.

The CHAIRMAN: Gentlemen, you heard the amendment.

I think if this amendment were to carry this would be an addition to the bill. This has given you an opportunity of bringing it up but it seems to me this would be an addition to the bill.

Mr. ROSS: Mr. Chairman, before we vote on this I am very sure there are a great many members who are not clear on this matter, and while I have argued before against my good friend from Manitoba I am bound to say that there is a very distinct principle in this amendment right now. If I follow my friend from Lake Centre I think there is a distinct area that cannot qualify.

Mr. DIFENBAKER: That was explained before.

Mr. ROSS: I admit it, but I said I was not clear; I was not here before, and now I want to be clear on it. I want it quite clearly understood because I am bound to follow the argument of Mr. Jutras to a very large extent, but to my knowledge there is no area in Manitoba which, if they had a crop failure in a designated area, would not be entitled to payments.

Right Hon. Mr. GARDINER: This does not refer to any area.

Mr. ROSS: That is just the point I want to have cleared up.

Right Hon. Mr. GARDINER: What this amendment says here is that anyone who does not come under the Act in subsection (1) does not pay. When they deliver grain to the elevators, they do not pay one per cent; that is what this amendment is saying. Now, there is not any area in which these people are, it is the whole southern part of Saskatchewan, Manitoba and Alberta; it does not take in one province. If there are people on land in Manitoba where the land prior to this particular date did belong to the government—and somebody here said that there is quite a lot of it still belonging to the government—if there was some of that land in Manitoba it would apply there the same as anywhere else; it certainly applies in Saskatchewan, and all over the area. It does not apply to any particular district, there is a piece of land here and a piece of land there and another piece elsewhere. It is the kind of land which is on the north side of a ravine where the sun beats on it all day and you cannot grow anything on it. That is the kind of land it is, and that land has been there ever since the beginning of time. Now, they get it under lease and plough it up and it counts on the acreage. That is the type of land we are throwing out. It is not land that is in particular districts. Now, you are saying if a fellow does cultivate that

type of land and takes a crop off it to the elevator, he does not have to pay the one per cent. How is the elevator operator going to keep track of it? I do not think there is any practical way of administering it even if it were the right thing to do.

Mr. WYLIE: It seems to me it would be an easy matter to keep track of these lands. It would be a simple matter to give the elevators a list of the lands affected. If you are going to disqualify a farmer from ever receiving any bonus it seems rather out of place to deduct the one per cent. We have many farmers in Alberta in the irrigation areas who never will collect.

Right Hon. Mr. GARDINER: And they are disqualified.

Mr. WYLIE: They are not disqualified.

Right Hon. Mr. GARDINER: Yes, they are from receiving payment.

Mr. WYLIE: They never will collect but they are still paying one per cent. If you are going to take out the new ones it seems to me that these certainly should not have to pay either, and as Mr. Jutras just said, it is going to start quite a discussion and we will be taking out areas all over the western provinces. While those farmers in the irrigation districts do complain about paying the one per cent, they have really never made any strenuous objections because they are in a better position than any man on dry land, and I am sure they are very happy to pay, at least most of them, because they would rather have a crop any time than no crop at all. With respect to those lands, however, that are going to be disqualified under this Act, it seems to me that if they are in a drought area they are not going to have very much left anyway and they never will have any hope of collecting anything under the Act, so it would seem quite reasonable to exempt them. It would be quite easy to keep track of this land through the elevator books.

Right Hon. Mr. GARDINER: I will read you the list of those who are out now. This is an extract from the regulations under the Prairie Farm Assistance Act.

4. The following lands and any grain grown thereon are excluded from the operation of subsections one and two of section three of the Act:

(a) farms operated as experimental farms;

(b) farms operated as market gardens;

If any grain is grown on five acres of this land it does not qualify.

(c) farms operated for ranching purposes;

If you grow grain on there you pay your one per cent but you do not draw any thing on it.

(d) farms operated by Indians within Indian reservations;

(e) farms declared sub-marginal and ordered evacuated under the provisions of a provincial statute;

That is exactly the kind of land we are talking about in this one. If the province has it, I think they have declared it sub-marginal, and

(f) irrigated land on which the yield per acre is more than twelve bushels of wheat or the equivalent in value of other crops;

We say if a piece of irrigated land is in a township which averages under eight bushels or if the yield is more than twelve, he can not collect.

Now, we do not say that about a man with twenty bushels to the acre anywhere else, he can collect, but a man who is in an irrigated district who has over twelve bushels to the acre cannot collect even though he is in a township that is eligible.

(g) any farm unit containing more than fifty acres of irrigable land that forms part of an irrigation system except when the yield per acre on the irrigable portion of the farm unit is twelve bushels or less of wheat or the equivalent in value of other crops.

Now, you have there seven groups of people who are already eliminated from benefits but who pay the one per cent, and this is just another group which is not nearly as big as those groups.

Mr. Ross: In arriving at the average of a township in which is located an experimental farm—I am thinking rather of a reclamation farm—is their yield taken into account or is it ignored?

Right Hon. Mr. GARDINER: They are ignored and that is what we state in this section, that these people are ignored too. They are all put on the same basis.

The CHAIRMAN: Are you ready for the question? It has been moved by Mr. Diefenbaker:

That the bill be amended by adding to clause 3 a new subclause as follows:

(2) Subsection 1 of section 13 of the said Act is amended by adding after the word "elevators", in the ninth line, the following: "excepting in respect of grain grown in the areas" defined in paragraph (c) (iii) of subsection 3 of section 3.

All in favour of this amendment? Opposed?

In my opinion the nays have it.

Mr. DIEFENBAKER: I would like to have a recorded vote.

The CHAIRMAN: I will ask the clerk to call the names. If you are in favour of Mr. Diefenbaker's amendment you can say "yea" and if you are opposed you can say "nay".

Some hon. MEMBERS: Say "yes" or "no".

The CHAIRMAN: If you are in favour of Mr. Diefenbaker's amendment say "yes", and if you are opposed to it say "no".

Recorded vote: yeas 12, nays 18.

The CHAIRMAN: I declare the amendment lost.

Shall clause 3 carry?

Carried.

Shall clause 4 carry?

Carried.

Shall the title carry?

Carried.

Shall the preamble carry?

Carried.

Shall I report the bill?

Carried.

Now, before we adjourn I would just like to advise you that there is an order of reference that the report of the Canadian Wheat Board as tabled in the House in February, 1950, has been referred to this committee and I will advise you, as soon as I get in touch with the minister and the clerk, when we can get this room.

Mr. McLEAN: You have not any idea when that will be? Will it be this week?

The CHAIRMAN: It will be this week, yes, I think, and we will adjourn to the call of the chair. Is that agreed?

Agreed.

The committee adjourned.

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SESSION 1950
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Report of the Canadian Wheat Board—Crop Year 1950-1951

WEDNESDAY, JUNE 7, 1950

WITNESSES:

Mr. George McIvor, Chief Commissioner, C. Gordon Earl, Comptroller,
K. C. Aseltine, Assistant-Comptroller and C. B. Davidson, Secretary,
all of The Canadian Wheat Board, Winnipeg, Manitoba.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950



STANDING COMMITTEE

ON

AGRICULTURE AND COLONIZATION

Chairman: A. J. Bater, Esq.

Messrs.

Anderson	Darroch	Lapalme
Argue	Decore	Leger
Arsenault	Demers	Lesage
Aylesworth	Diefenbaker	MacKenzie
Bater	Dumas	McCubbin
Bennett	Fair	McLean (<i>Huron-Perth</i>)
Black (<i>Chateauguay- Huntingdon-Laprairie</i>)	Fontaine	Murray (<i>Oxford</i>)
Blue	Gauthier (<i>Lapointe</i>)	Murray (<i>Cariboo</i>)
Browne (<i>St. John's West</i>)	George	Quelch
Bryce	Gosselin	Richard (<i>St. Maurice- Laflèche</i>)
Catherwood	Gour (<i>Russell</i>)	Roberge
Cavers	Harkness	Ross (<i>Souris</i>)
Charlton	Hatfield	Sinnott
Clark	Hetland	Studer
Cloutier	Jones	Thomson
Corry	Jutras	Whitman
Coté (<i>Matapédia- Matane</i>)	Kent	Wood
Courtemanche	Kickham	Wright
Coyle	Kirk (<i>Antigonish- Guysborough</i>)	Wylie
Cruikshank	Kirk (<i>Digby</i>)	
	Laing	

Clerk: Antonio Plouffe.

ORDER OF REFERENCE

MONDAY, June 5, 1950.

Ordered,—That the Report of the Canadian Wheat Board for the Crop Year 1948-49, tabled in the House on Tuesday, February 21, 1950, be referred to the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

THIRD REPORT

Your Committee recommends that the quorum be reduced from 20 members to 15, and that Standing Order 63 (1) (f) be suspended in relation thereto.

All of which is respectfully submitted.

A. J. BATER,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 7, 1950.

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Anderson, Argue, Bater, Blue, Bryce, Charlton, Corry, Coyle, Decore, Fair, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Leger, MacKenzie, Murray (*Oxford*), Quelch, Ross (*Souris*), Thomson, Wood, Wright, (25)

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Mr. George J. McIlraith, M.P., Parliamentary Assistant; Mr. Douglas Owen, Private Secretary to the Minister; and Messrs. George McIvor, Chief Commissioner, Gordon C. Earl, Comptroller, K. C. Aseltine, Assistant Comptroller, C. B. Davidson, Secretary, all of The Canadian Wheat Board, Winnipeg, Man.

Also, Mr. J. J. Smith, M.P., (*Moose Mountain*).

The Chairman called the attention of the Committee to the matter referred, namely: The Report of The Canadian Wheat Board—Crop year 1948.

On motion of Mr. Jutras,—

Resolved, That permission be sought to reduce the quorum from 20 members to 15.

The Committee began the study of the Report of the Canadian Wheat Board, 1948-49.

Mr. George McIvor was called. He was assisted by Messrs. Davidson and Earl.

The proceedings were suspended from 11 till 11.45 a.m.

At 11.50 a.m. the Committee adjourned till 4 o'clock p.m. this day.

The Standing Committee on Agriculture and Colonization met at 4 o'clock. Mr. A. J. Bater, Chairman, presided.

Present: Messrs. Anderson, Argue, Bater, Blue, Bryce, Cavers, Charlton, Decore, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Leger, McLean (*Huron-Perth*), Murray (*Oxford*), Quelch, Ross (*Souris*), Thomson, Wood, Wright, Wylie. (25)

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; G. J. McIlraith, Parliamentary Assistant, and Messrs. McIvor, Aseltine, Earl and Davidson from the Canadian Wheat Board, Winnipeg, Man.

The Committee resumed consideration of the Report of The Canadian Wheat Board for the Crop Year 1948-49.

Mr. McIvor was called and further examined. He was assisted by Messrs. Aseltine and Earl.

Mr. Howe supplied some answers.

At 5.50 p.m. the Committee adjourned until Thursday, June 8, at 11.30 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,

WEDNESDAY, June 7, 1950.

The Standing Committee on Agriculture and Colonization met this day at 10:30 a.m. The Chairman, Mr. A. J. Bater, presided.

The CHAIRMAN: Gentlemen we have a quorum. As you know, on motion of the Minister of Trade and Commerce, the report of the Canadian Wheat Board for the crop year 1948-49 tabled in the House on February 21st, was referred to this Committee.

Now our manner of procedure this morning is entirely within your hands. We have with us Mr. McIvor, the Chief Commissioner of the Canadian Wheat Board; Mr. Davidson, the secretary; Mr. Gordon C. Earl, the comptroller; and Mr. K. C. Aseltine, assistant comptroller.

Do you wish to have the chairman read out the report? I think probably we have all read it and we might take it as read but go through it clause by clause? What is your wish?

Mr. JUTRAS: Before we deal with the report I think it would be in order for us to reduce the quorum of the committee. There are many committees meeting now and the House is meeting at 11 o'clock so I think it might be advisable to reduce the quorum.

The CHAIRMAN: Would you suggest reducing it to fifteen?

Mr. JUTRAS: Or ten?

Some Hon. MEMBERS: No, no, fifteen.

The CHAIRMAN: I think that would be better.

Agreed.

Mr. ROSS: Will we be sitting at 11 o'clock when the House opens?

The CHAIRMAN: That is entirely up to the meeting. If you wish to go to the House to hear the orders—

Mr. ROSS: I would like to get along as fast as we can and to accommodate the members of this committee, but I do think we should be permitted to be in the House for orders of the day. The Bill with respect to P.F.A.A., which was before this committee will be coming up in the House, I presume, today, and many of the very same members who are vitally interested in this matter are also interested in that measure. Perhaps you could arrange that that matter does not come up while we are sitting here, because there are many members who are vitally interested in both matters.

The CHAIRMAN: We will try to have that arranged as far as the P.F.A.A. is concerned. What is your pleasure about going to the House at 11 o'clock for fifteen minutes, gentlemen?

Mr. ROSS: We can all arrange to come back as soon as they are through with the orders of the day; is that satisfactory?

The CHAIRMAN: Would someone move that we do that?

Mr. LEGER: After the orders of the day?

The CHAIRMAN: Yes, and I will see if it can be arranged that the P.F.A.A. does not come up while we are in session.

Now, let us go on and I think we can possibly decide just how we are going to proceed before we adjourn to go down to the chamber.

Mr. WRIGHT: I think that probably the best way would be for the chairman of the board to comment at any length he desires on the first sections of the report leading up to the matters we are concerned with. In that way we would probably cover the report quicker than otherwise.

The CHAIRMAN: Is that agreed?

Agreed.

All right, we will ask Mr. McIvor for his comments.

Geo. McIvor, Chief Commissioner, Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, Right Hon. Mr. Howe and members of parliament, this is the report to the minister covering the crop year 1948-1949.

The first paragraph deals with two or three important matters on the increased production in Europe, which indicates that those countries are making a substantial comeback since the end of the war.

Mr. LEGER: Would you speak a little louder, please?

The WITNESS: I said that the first paragraph of the report deals with the general comment on production and it refers to the increased production in Europe as a result of the efforts of those countries to improve the agricultural situation after the end of the war—the availability of fertilizer and the ability of those countries to get their farm population back to work. That of course, has brought about quite a shift in the world situation in respect of wheat.

We also refer in particular to the increase in production in the United Kingdom, France, Italy, Belgium and Sweden, and reference is made to the fact that production in these countries exceeded or came close to the average of the pre-war years.

Reference is made to the fact that the United States is again the largest exporter of wheat. There is also reference with regard to our own production and there is a reference to the fact that the international wheat supply position has improved. The activities of the Cereals Committee of the International Emergency Food Committee, which had the job of allocating all the world supplies, came to an end at the end of April, 1949. Also there is a reference to the negotiations of the International Wheat Agreement becoming effective on August 1, 1949.

The next section deals with the Canadian position. The highlights of that section refer to the general improvement of the demand for Canadian wheat towards the end of the crop year with the result that wheat from the 1948-1949 crop had been sold or committed for sale well before the harvesting of the new crop.

There is a reference to countries which purchase our wheat—India, Turkey, Egypt, Iran and the Union of South Africa and other areas outside of Europe—which played an important part in the final disposition of the 1948 crop.

There is also a reference to Mr. W. J. Brooking, general sales manager, and Mr. C. B. Davidson, secretary, who visited the Caribbean and South American countries in the interests of current and future sales of Canadian wheat, and I do not mind telling you it has had very good results.

Also in the section No. 3 we refer to the fact that the board continued to administer the five-year pool which was provided for under the Canadian Wheat Board Act.

There is also reference to the increase in the initial price from \$1.55 to \$1.75. There is also reference to the cancellation of the domestic subsidy on flour. Reference is to be made to the announcement by the Right Hon. Mr. Howe of the domestic price of wheat increasing to \$2 per bushel, effective July 31, 1948.

There is reference to the domestic price and the U.K. price, and that the domestic price will follow the U.K. agreement price for 1949-50. There were no amendments to the Canadian Wheat Board Act during the crop year.

Reference is made to the pension plan which has been set up and then, in section No. 5, there is reference to a slight reduction in wheat acreage and a historical reference on the growth of the crop. The crop was a little later than usual. Above normal temperatures early in June revealed lack of moisture, but good rains and timely showers commencing in the second week of July had the effect of halting deterioration and resulted in some improvement in the crop prospects even in the areas where the drought had been most severe.

There is a reference to the outturn of the 1948 crop and reference is made to the fact that in eastern Canada the growing season was favourable throughout, and there was increased wheat production amounting to 27 million bushels compared to 18 million the year before. The total wheat crop in Canada was 393.3 million compared with 341.8 million the year before. Prairie production was 363 million compared with 320 million.

With reference to the carryover of wheat, on the 31st of July, 1949, the Canadian carryover of wheat including stocks of wheat on farms was 98.7 million as compared to 77.7 million on the same date in the previous year, and over 40 per cent of the carryover on July 31, 1949, was wheat held on farms in Canada.

There is reference to the commercial carryover of supplies of wheat (stocks of wheat in elevators, mills and in transit) and these amounted to 54.6 million bushels as compared with 36.7 million bushels on July 31, 1948.

The fact that there was an increase in carryover was largely due to the late deliveries and relatively heavy sales for shipment subsequent to August 1, 1949; in other words, we were sold up in the early part of July and we had to await new farm deliveries before we could sell the wheat.

Then, that is borne out in the next table which shows the board's receipts. You will note that in September there are 109 million bushels and in October 63 million bushels, 19 million bushels in November, and after the turn of the year in January, they come up to 33 million and then in July there were 15 million bushels compared with only 8 million bushels in June.

The next paragraph deals with the point I just mentioned, that is, the heavy deliveries in September and October, and the heavy deliveries in July, which cannot be placed in a saleable position until the first month of the ensuing crop year.

Now, the next reference is to the export movement. During 1948-49 exports of wheat, including flour, amounted to 232.8 million bushels as compared with 195 million bushels in 1947-48.

The next table shows the distribution of exports from August to January and from February to July by months. You will note there that in the first part the heavy exports were in November, and in the latter part the heavy exports were in May and June. We point out that the exports of wheat from Canada were relatively large in the last six months of the crop year.

Now then, we come to the next table which is a very interesting one. It shows the export movement of Canadian wheat, not including flour, for 1948 and 1949 by countries of destination.

The CHAIRMAN: Well, I think we will just break off now at that table that Mr. McIvor has just started on, and adjourn until 11.30.

The CHAIRMAN: Now, gentlemen, we have a quorum and we will ask Mr. McIvor to carry on from where we left off when we went to the House at 11:00 o'clock.

The WITNESS: We came to the table of the export movement of Canadian wheat, not including flour, for 1948-49, by countries of destination. I think I should take a little time to comment on that table. There is one thing that is most interesting in the table, and that is that some of our traditional customers, due to the fact that they are recipients of E.C.A. funds are not buying in substantial quantities from Canada. For example, starting at the top of the page, there are the United Kingdom figures on wheat. We have had quite a good business with Ireland.

The CHAIRMAN: I am sorry to interrupt Mr. McIvor but I think we should decide right now so that the notices can go out, the time of our meeting this afternoon. I presume we will meet again after lunch? What time would you suggest that we commence our meeting this afternoon? Shall we say 4:00 o'clock?

Agreed.

The WITNESS: We are fortunate—

The CHAIRMAN: I am sorry, we will have to adjourn immediately. We have notice that the P.F.A.A. is coming up in the chamber right now.

The committee adjourned.

AFTERNOON SESSION

WEDNESDAY, June 7, 1950.

The committee resumed at 4:00 p.m.

The CHAIRMAN: Gentlemen, we have a quorum. We will now go back to where we started the second time this morning and I think Mr. McIvor has started on the table on page 4 showing export movement of Canadian wheat.

George McIvor, Chief Commissioner, Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, when the committee adjourned today I was dealing with the column of figures on page 4 and I made reference to the fact that we had quite a good trade with Ireland. We were very fortunate in making a substantial deal with South Africa, and the same applied to India.

I might say that we have a further deal this year with South Africa but we have not been able to do anything with India on account of the dollars situation.

We had quite a good trade with Egypt and Arabia; small quantities to China and Iran; three cargos to Israel; $2\frac{1}{2}$ million bushels to Turkey; a cargo and a half to Lebanon; 5 million bushels to Belgium; a cargo and a half to Germany; close to 4 million bushels to Italy; a cargo went out to the Netherlands; three cargos went to Norway; a substantial quantity went to Switzerland and we have been again able to duplicate this business this year; there were four cargos to Mexico and three to Peru.

Then we come to the item United States consumption and milling in bond. That is wheat taken in by American mills in bond, ground in bond, and the flour is distributed over a very wide market. That is a traditional thing. American mills grind our wheat and ship the flour—widely distributing it.

A point I would like to make on that table in particular is that some of our old customers have taken substantially reduced quantities owing to the shortage of dollars; the Netherlands for example would ordinarily take about 10 million bushels from this country but they only took one cargo because they obtained the bulk of their wheat under E.C.A. from the United States. Norway would probably have taken 3 or 4 million bushels but the figure is down to one-quarter of that amount for the same reason.

We have, however, been able to obtain markets which are not ordinarily markets for Canadian wheat. Turkey is one; Egypt is another; South Africa and India are others; so all in all we were able to widen markets in spite of the fact that many of our traditional markets were cut down to substantially less than previous years.

If we go to the next page there is reference to flour.

In addition to the foregoing quantities of wheat, 48.1 million bushels of wheat in the form of flour were exported from Canada during 1948-49. This represented over 20 per cent of the total quantity of Canadian wheat moving into export trade either as grain or as flour. Export trade in Canadian flour is important because of the quantity of wheat involved and the wide distribution of the product. During 1948-49 Canadian flour exports went to about 80 countries.

Many of the smaller countries throughout the world have little or no milling capacity and it is through flour exports that Canadian wheat reaches these markets.

In 1948-49 the largest individual market for Canadian flour was the United Kingdom which took the equivalent of 23.0 million bushels of wheat in the form of flour.

Continental Europe was a substantial importer, taking over 4.0 million bushels of wheat in the form of flour; Italy, Switzerland, Germany and Belgium being the principal importing countries.

Canadian flour goes to many countries in Asia. In the Near East, Syria, Palestine, Saudi-Arabia and Aden were the principal importers during 1948-49. In the Far East, Hong Kong, China, Pakistan and the Philippine Islands were all markets for Canadian flour. The Philippines took nearly 3.0 million bushels of wheat in the form of flour and Hong Kong and Pakistan imported nearly 1.5 million bushels of wheat in the form of flour.

The British West Indies is a traditional market for Canadian flour. Imports in 1948-49 were the equivalent of about 5.0 million bushels. Other Caribbean countries importing Canadian flour were Cuba, Dominican Republic and Netherlands Antilles. Practically every country in Central America purchased Canadian flour in the crop year under review.

Over 1.0 million bushels of wheat in the form of flour went to Africa, the principal importing countries being Egypt, Belgian Congo, Morocco, Portuguese East Africa, Gold Coast and Sierra Leone. In South America the principal importers of Canadian flour were Venezuela, British Guiana, Netherlands Guiana, Ecuador, Colombia and Brazil. South American countries imported a total of over 3.0 million bushels of Canadian wheat in the form of flour.

Then we make reference to the milling in bond sales to United States mills.

The next item is wheat exports by ports.

Wheat Exports by Ports

In 1948-49 exports through Eastern Canadian ports totalled 103.5 million bushels and through Eastern United States ports, 9.8 million bushels. Pacific Coast clearances amounted to 60.4 million bushels and 5.3 million bushels were cleared through Churchill.

The next item is administration of the Canada-United Kingdom wheat agreement.

Administration of the Canada-United Kingdom Wheat Agreement

During 1948-49 the Board administered the third year of the Canada-United Kingdom Wheat Agreement. As a result of negotiations between

the Government of Canada and the Government of the United Kingdom, the Agreement price covering 140 million bushels of wheat for 1948-49 was established at \$2.00 per bushel basis No. 1 Northern wheat in store Fort William/Port Arthur, Vancouver or Churchill. The contracting governments agreed that for the crop year 1948-49 the quantity of flour to be supplied by Canada within the terms of the Agreement would be 450,000 tons.

During 1948-49 the chief administrative developments were:

Carrying Charges and Grade Spreads

In accordance with the Agreement, the Board entered into negotiations with United Kingdom authorities with respect to the 1948-49 carrying charge on all wheat shipped under the Agreement. A carrying charge of 5 cents per bushel was agreed upon, effective October 1, 1948. This was an increase of $1\frac{1}{2}$ cents per bushel in the carrying charge which had been in effect.

The contracting governments further agreed that prices for grades other than No. 1 Northern would conform to the spreads at which the Board purchased such grades from producers.

The next item is Quantities supplied under the agreement 1948-49.

Quantities Supplied Under the Agreement 1948-49

In carrying out the terms of the Agreement, the Board made available 123.2 million bushels of wheat to the United Kingdom applicable to the 1948-49 terms of the Agreement. In addition to this quantity of wheat, the Board sold to Canadian mills 23.1 million bushels of wheat for the production of flour to be shipped to the United Kingdom under the Agreement. Of this quantity, the equivalent of 16.8 million bushels was for delivery to the United Kingdom as flour and the equivalent of 6.3 million bushels was retained in Canada in the form of mill offals. Thus, the provision of wheat for the United Kingdom under the 1948-49 terms of the Agreement was the equivalent of 140 million bushels.

At the conclusion of the year the two governments agreed that the terms had been fulfilled.

The next item deals with transportation. The crop year 1948-49 commenced with small stocks of wheat in the country elevators. This meant large scale movement from country positions. This commenced in mid-September when country stocks were large enough for maximum loading by the railways. As in the previous year the arrival of adequate stocks of wheat in forward positions prior to the close of navigation on the Great Lakes depended upon the effort of the railways over a period of about nine weeks following the peak of harvesting operations.

During this critical period Board requirements of wheat in forward positions were:

- (1) Wheat for current export to the United Kingdom and other countries;
- (2) Wheat for current domestic use and for export flour;
- (3) Wheat for eastern stocks at the close of navigation for winter domestic use and for export as wheat or flour during the December-April period.

These wheat requirements, along with necessary transportation for the movement of other grains and flaxseed, involved a shipping program in the fall of 1948 which was not fully attained by the railways in the

relatively short period of time available. The result was that the Board had to reduce its export objectives for the fall season, and under the circumstances could only make limited sales of wheat over and above seasonal shipments to the United Kingdom. During the fall months the Board was under continuous strain in respect to stocks of wheat available in seaboard positions. Under the circumstances then prevailing, the Board would have preferred to have disposed of more wheat during the first half of the crop year had it been possible to attain a larger movement of wheat from country elevators through to seaboard positions.

During the first week in December a total of 108 million bushels of wheat remained in country elevators.

These stocks, in addition to winter marketings by producers, were moved forward in good volume during the winter months and formed the basis for a substantial export movement of wheat after the opening of navigation.

The underlying transportation problem in the fall of 1948 was alleviated to some extent by sales contracts entered into with Switzerland, India and the Union of South Africa. These three contracts called for the bulk of shipments to be spread over the period from December 1948 to August 1949.

On July 21, 1948, the Board announced that there would be no delivery quotas on rye or flaxseed for the crop year 1948-49 and that delivery quotas on wheat, oats and barley would be left open after August 1, 1949, until the new crop deliveries and shipments reached such a volume as to make necessary the establishment of delivery quotas for these grains.

The deferring of delivery quotas until after the start of the crop year was advisable because of the urgent need of maximum deliveries of grain until the new crop became available in volume.

On August 27, 1948, the Board announced the establishment of delivery quotas applying generally in eastern Saskatchewan and Alberta. The Board considered that delivery quotas were unnecessary in Manitoba and in the low-yield areas of Saskatchewan.

In announcing initial delivery quotas the Board pointed out that it had to "consider not only the producers' position in respect to deliveries of grain to country points but its own responsibility, and the producers' interest in taking advantage of immediately available markets."

The original delivery quotas were established on a basis of 10 bushels per seeded acre on wheat, oats and barley at approximately 1,200 delivery points in Saskatchewan and Alberta. As soon as space became available at individual delivery points, quotas were increased or removed. On November 8th remaining delivery quotas in Saskatchewan, and on November 23rd remaining delivery quotas in Alberta, were removed.

Elevator Handling Agreement

Increased costs of operating grain storage facilities in Canada and increased maximum tariffs established by the Board of Grain Commissioners for Canada were reflected in the 1948-49 Agreement negotiated between the Board and handling companies.

The 1948-49 Handling Agreement negotiated between the Board and handling companies included an increase from $3\frac{1}{2}$ cents to $4\frac{1}{2}$ cents per bushel in the country elevator handling margin, an increase in the storage rate from $1/30$ of a cent per bushel to $1/25$ of a cent per bushel per day.

Position of the Five-Year Pool

As at July 31st, 1949, the position of this Five-Year Pool was as follows:

1. Wheat Acquired by the Board:

	<i>Bushels</i>
(a) Producers' Deliveries: 1945-46 Crop.....	235,432,048-50
1946-47 Crop.....	335,158,496-35
1947-48 Crop.....	243,940,871-05
1948-49 Crop.....	293,015,836-30
	<hr/>
(b) Wheat Otherwise Acquired	1,107,547,253-00
	7,850,335-08
	<hr/>
Total Wheat Acquired	1,115,397,588-08
	<hr/>

	(Value)	(Value)
2. Cost of Wheat Acquired August 1st, 1945 To July 31st, 1949		\$1,907,177,178.99
3. Proceeds of Sales, August 1st, 1945 to July 31st, 1949 and Inventory:		
(a) Sales	\$1,835,982,298.15	
(b) Inventory—July 31st, 1949	93,200,829.48	
	<hr/>	1,929,183,127.63
		<hr/>
4. <i>Deduct:</i> Funds Transferred to 1944 Crop Account		22,005,948.64
		<hr/>
		12,000,000.00
		<hr/>
		10,005,948.64
5. <i>Add:</i> Recovery of Storage, Interest and Differ- ential Charges, etc.		30,796,156.55
		<hr/>
6. Gross Surplus as at July 31st, 1949		40,802,105.19
7. Operating Costs to July 31st, 1949:		
(a) Carrying Charges including Terminal Storage	39,105,597.50	
(b) Interest and Bank Charges (Net)	197,128.03	
(c) Additional Freight (Net)	2,419.52	
(d) Administrative and General Expenses ...	3,847,809.07	
(e) Other Costs	1,390,754.21	
	<hr/>	44,543,708.33
		<hr/>
8. Deficit on operations as at July 31st, 1949.....		3,741,603.14
Add: Cost of Adjustment Payments		1,494,018.23
		<hr/>
9. Deficit 1945-49 Pool Account to July 31st, 1949..		\$ 5,235,621.37
		<hr/>

Board Operating Costs

For August 1st, 1945 to July 31st, 1949 (four full crop years), the Board's operating costs applicable to producers' wheat amounted to \$46,037,726.56. Of these operating costs the Board recovered \$30,796,156.55, mainly in carrying charges (storage and interest) on domestic wheat and wheat for the United Kingdom.

The Board's operating costs for the first four years of the Five-Year Pool are summarized.

The carrying charges on 1,115,000,000 bushels amounted to \$39 million.

The administrative and general expenses amounted to \$3,847,000-odd, and these costs amounted to .3449 cents per bushel on the total wheat acquired.

Next are the details on interest and bank charges, and the adjustment payments to producers on the various crop years. Then, other operating expenses—these were incurred principally for drying and conditioning wheat at the Pacific coast. A small payment for additional freight on wheat that had to be moved east against the differential.

The next item is:

	Quantity (bushels)	Sales Basis (Basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver)
To United Kingdom and Other Countries prior to the Can- ada-United Kingdom Agree- ment	208,013,770-19	\$1.55 per bushel
To United Kingdom for the Canada-United Kingdom Agreement	485,915,258-13	{ 339,573,484-44 bus. @ \$1.55 per bus. 146,341,773-29 bus. @ \$2.00 per bus.
To Other Countries subsequent to the Canada-United King- dom Agreement	169,724,667-54	Average of \$2.39 per bus. 38,470,997-00 bus. @ \$1.25 per bus.
To the Domestic Market	204,090,130-20	{ 112,933,945-51 bus. @ \$1.55 per bus. 52,685,187-29 bus. @ \$2.00 per bus.
Weight Losses in transit and in drying and reconditioning wheat	850,452-40	
Total Sales August 1st, 1945 to July 31st, 1949	1,068,594,279-26	

The next items outline the seling prices of Class II wheat. I think there was a question asked in the House the other night about a comparison of selling prices in 1948-49 as compared with the Board's class II price. You will note that is in the report as follows:

1948-49—During 1948-49 the Board's Class II price ranged from \$1.91 to \$2.48 per bushel, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. The Board's average selling price for Class II wheat in 1948-49 (including sales of Class II wheat from stocks in agents' hands on July 31st, 1949) was \$2.23 per bushel, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver.

The next item deals with the payment division.

Payment Division

During the crop year 1948-49 the Payment Division was concerned with the 20-cent adjustment payment authorized on wheat delivered to the Board between August 1st, 1945 and March 31st, 1949 as well as in connection with previously authorized payments. During 1948-49 the Payment Division issued 1,365,559 cheques to producers with a value of \$220,681,269.95.

The following table shows payments made during 1948-49 in respect to various Crop Accounts:

We note that there are still some payments outstanding in some of the early crop years, but I may say we have carried on a very intense campaign recently and these amounts are very substantially reduced as of the present time.

The next item shows the total bushels and value involved in the outstanding producers' certificates as of July 31, 1949. That, of course, was at July 31 and, as I say, there has been a very substantial reduction since that time.

The next item deals with staff. Staff on the 31st of July, 1949, were 524, compared to 712 on the 31st of July, 1948. It is noted that:

The major part of the reduction in staff occurred towards the end of the crop year with the completion of the main part of the 20-cent adjustment payment which commenced on April 1, 1949. The chief reduction in staff took place in the Payment Division and in other departments of the Board sharing in payment work.

With the Board handling oats and barley commencing on August 1, 1949, an additional staff of approximately 100 was required.

During 1948-49 the Washington office continued liaison work with the United States Department of Agriculture and worked closely with the

Cereals Committee of the International Emergency Food Committee up until the time that Committee was disbanded in April, 1949. When it was decided that the Headquarters of the International Wheat Council (administering the International Wheat Agreement) would be in London, England, the Board closed its Washington office in July, 1949.

The London office under Mr. R. V. Biddulph, European Commissioner, continued the liaison work with the Imported Cereals Division of the United Kingdom Ministry of Food, as well as keeping in close contact with market developments in western Europe.

Staff Changes

In November, 1948 Mr. J. B. Lawrie, Assistant Director of the Wheat and Grain Division, Department of Trade and Commerce, Ottawa, joined the staff of the Board as Executive Assistant.

In July, 1949 Mr. R. N. Hickman, Assistant Sales Manager since 1943, resigned to return to private business.

There were some additions to the sales department which are outlined in the report.

The next item deals with the legal department:

Legal Department

The Legal Department dealt with all matters of a legal nature affecting the operations of the Board during the crop year 1948-49. A substantial part of the work of the Legal Department was in connection with payments, with particular reference to lost producers' certificates and producers' certificates involved in estates.

Then we come to the advisory committee. Mr. Chairman, I think that concludes the narrative portion of the report. From there on it goes on to the comments on the financial section of the report.

The CHAIRMAN: I think we had better deal with the summary you have just given us now. I think it would be satisfactory to you and to the committee to answer any questions on what you have already gone over, before going on to another branch. Is that agreed?

Agreed.

Now, are there any questions?

By Mr. Hetland:

Q. I would like to ask Mr. McIvor what is the 5 cents carrying charge? Is that official handling here?—A. Under the Canadian-United Kingdom agreement it is provided that the carrying charge shall be paid by the United Kingdom. The costs of carrying wheat are prorated over the twelve months.

Q. In Canada?—A. Yes.

Q. Not in England?—A. No.

By Mr. Quelch:

Q. The 5 cents did not actually cover the cost?—Not quite, I think. We have to make this estimate at the start of the year and in the earlier stages of the agreement our estimate was in our favour. In the latter stages, I think it worked in their favour but I am hoping by the time the final shipments are concluded under the agreement, that it will not be too far out of line over the period.

Q. On page 4 in the table you refer to a shipment of grain to India. Was that a sale made to the government of India?—A. Yes, sir, it was.

Q. Is there likely to be an increase in sales to India? Is it largely a question of purchasing each year?—A. I am afraid not at the present time. We again contacted the government of India this past year. We worked very hard with them and they told us on account of the dollar situation that they could not purchase any quantity of dollar wheat. They made a deal with Australia and I think they also made some kind of barter deal with the Argentine obtaining jute against the sale of wheat and also I understand there was some kind of a barter deal with the U.S.S.R.

Q. If arrangements could be made, there would be some chance to increase our sales to India?—A. They are a net importer. Now, mind you, India is not ordinarily an importer of wheat, but on account of the division of Pakistan and India a large part of the wheat area is in Pakistan and I would hope that if their dollar situation improves we are in very close contact with them and will work with them on a very friendly basis, with a view to selling them some more wheat.

Q. What is the situation regarding China? This will be a sale to the nationalist government, will it not?—A. It was a sale to the nationalist government, but before it arrived in China certain events took place there and I do not know where it landed finally. I know we were paid for it at Vancouver.

Q. Is there likely to be an extensive market for wheat in China once we recognize the new government?—A. I would hope so. China always has been a good market for wheat and flour because they cannot grow enough to support themselves, but there does not appear to be any immediate prospects. In the long term I would think that there would be every prospect of selling wheat and flour to China.

By Mr. Jutras:

Q. On page 2 you mention something of the successful trip of Mr. Brooking and Mr. Davidson to South America. What are the prospects for selling wheat or increasing the sale of wheat in South America?—A. We have been very pleased with our results in South America. I think we have doubled our exports to the Caribbean and South America of wheat and flour this year compared to last year and we are very hopeful about the situation. There are many of the countries down there which seem to be in a pretty good financial position. Of course, our big competitors there are the Argentine and the United States, but I think we have been able to get a pretty good market down there and I am hoping it will be more or less of a permanent nature.

Mr. WRIGHT: Have you any permanent selling agencies in these areas?

The WITNESS: No, sir, we have not.

By Mr. Charlton:

Q. Is India now a signatory to the International Wheat Agreement?—A. Yes.

Q. How can India make a bilateral agreement with Argentina?—A. There is nothing to prevent them from buying wheat outside the agreement. They agree to take a certain quantity within the agreement and they can buy as much as they want outside the agreement.

Q. As long as they take the quantity they agreed to take under the agreement they can then buy anywhere else they desire?—A. That is right.

By Mr. Decore:

Q. Will you tell us what you mean by class II price and class II wheat?—A. We have two or three classifications of wheat at the present time. We have our domestic price, which is \$2.06 a bushel. We have the prices under the International Wheat Agreement which is a maximum of \$1.98; we have the

balance of the Canada-United Kingdom Agreement, which is also \$2.06; and we have what is known as class II wheat which is wheat or wheat for flour which is sold to countries who are either not members of the International Wheat Agreement or their quota is filled under the agreement and they have to buy over or above the agreed quantities. That is known as class II wheat.

Mr. BRYCE: Have you to pay the 40 cents duty on bonded wheat?

The WITNESS: No, that went through in bond.

By Mr. Ross:

Q. What basis do you use then for arriving at the present price?—A. Our present class II price is about 35 cents under the comparable U.S. price. In order to arrive at that price we have a formula we work on, and in this formula we take the Chicago or the Kansas City market and then on top of that, of course, there is a premium for cash wheat, and we project that to the Gulf in the case of Vancouver competition and we project it to the Atlantic seaboard in the case of eastern shipments. Our present basis is about 35 cents under, having in mind their price is f.o.b. the seaboard and our price is f.o.b. the seaboard, too.

Q. All these factors are taken into consideration every day on that basis? —A. Yes.

By Mr. Jutras:

Q. I did not quite get that. You figure the price every day?—A. We take the American price, it is not the Chicago price nor the Kansas City price, it is the American price plus the cash wheat premium. There is a premium paid over and above the future price. We take that price at the seaboard, it might be at the Gulf ports, it might be at Baltimore or New York, and we calculate it against our own. We have a formula we work on. We calculate it against our own prices and today we are about 35 cents a bushel under seaboard, having in mind their price f.o.b. and our prices f.o.b. seaboard.

By Mr. Ross:

Q. That is a price at Fort William?—A. No, that is at the seaboard.

Q. No, but the Canadian price is at seaboard?—A. Yes.

By Mr. Fair:

Q. That is the price you get?—A. Yes.

Q. And you do not care whether it is the Chicago price or anything? —A. Well, I would point out that, a lot of this wheat which is sold by the United States is sold to areas in which they have a certain responsibility—

Right Hon. Mr. HOWE: In other words, they give it away.

The WITNESS: Well, I was not going to say that, Mr. Minister, but actually they provide wheat for Germany, for Japan, for Korea. One agency provides the wheat and it buys it from another agency. When we sell our class II wheat we are on our own. In other words we have got to sell it in competition and that is what we do, and our price has ranged all the way from 25 cents to 40 cents under the U.S. market price; it is 35 cents under today.

Mr. FAIR: 35 cents under at the present time?

The WITNESS: Yes.

By Mr. Ross:

Q. When E.C.A. or Marshall funds were made available for Britain to take a large quantity of wheat, what reaction did that have? That was worked out between Britain and the United States, I suppose?

Right Hon. Mr. HOWE: It did not affect us at all.

Mr. ROSS: We got the cash and it was a deal between Britain and the United States?

Right Hon. Mr. HOWE: That is right.

By Mr. Charlton:

Q. What makes up the difference in our Canadian price. Exchange will affect it some?—A. Exchange is a part of it. In regard to our own price, our own price today at Vancouver for No. 1 Northern is about \$2.09½ that is the cheapest wheat we have for sale. Now, the reason for that is you just have the rail freight charge from the province of Alberta to Vancouver plus the cost of putting it on the boat. When we take wheat in the eastern position it costs us about 17 cents a bushel to put it from the Lakehead down to Montreal, so our basis is \$2.24, roughly, f.o.b. the steamer.

Now, the thing that constitutes their price range is their cash wheat prices in the primary market plus the cost of shipping it to Galveston or New Orleans, and the cost of putting it on board the steamer.

By Mr. Fair:

Q. Are all prices in terms of Canadian funds?—A. When we calculate the differential yes, we calculate both prices in terms of Canadian funds.

Q. Then European countries can buy it cheaper from us than from the United States?—A. If they are outside the International Agreement. Inside the International Agreement the price is the same for both.

Q. How can it be the same?—A. They sell it at \$1.80, and we sell it at \$1.98, at Fort William.

Q. They have to pay us more than this?

Right Hon. Mr. HOWE: I find it is easier reckoning in Canadian dollars than it is in American dollars, but it is the same price taking into account the difference of exchange.

The WITNESS: Yes.

By Mr. Jutras:

Q. What is the freight, approximately, on a bushel of wheat from Montreal to Winnipeg?—A. I am not sure that I have that figure, but I shall get it for you before we are through.

By Mr. Hetland:

Q. Am I correct in my understanding that Mr. McIvor said \$2.09?—A. \$2.09½.

Q. And \$2.24 at Fort William?—A. \$2.24 at Montreal.

Q. What would happen if you had wheat at Port Churchill and you could get it on that basis?—A. With regard to Port Churchill, the only wheat that has gone up through Churchill so far has gone out to the United Kingdom under a contract which provided for the delivery of wheat at Port Churchill under the Canada-United Kingdom Agreement.

By the Chairman:

Q. And that was stated in the contract?—A. It was stated in the contract, yes.

By Mr. Hetland:

Q. Was there a saving to Great Britain because of Churchill, and does she get the benefit?—A. We tried last year to sell wheat to other countries out of Port Churchill. It is a variable thing, but at that particular time there was a

saving out of Port Churchill as compared with Montreal. My recollection of it is that it was around 10 cents a bushel; but there were certain disadvantages from the standpoint of the buyer, for example, if he wanted to get wheat quickly, or something of that nature. And there were difficulties of chartering at that particular time; so we made up our minds that if we could recover part of that 10 cents for the producer, it would be good business. Therefore we suggested a lower price at Churchill, which actually took up part of the differential between Montreal and Churchill; and while we were not able to sell any, I do hope that this year we shall be able to sell wheat out of Churchill. I cannot say right now what the differential will be, but we shall take our pencils and figure it out.

Mr. Ross: What would be the cost of transportation? Quotations are very nearly the same for cash wheat basis Chicago and Winnipeg; and from that on I do not follow it any too clearly.

Right Hon. Mr. Howe: When you move it down to seaboard, it is different.

Mr. Ross: That is what I am trying to follow through right now.

Right Hon. Mr. Howe: Yes.

The WITNESS: On the 2nd of June, according to the last figures I have, two Red Winters at Baltimore are quoted at \$2.59 and $\frac{3}{8}$ f.o.b. basis our funds. And at the same time our number two northern which is a comparable grade was quoted at \$2.25.

By Mr. Ross:

Q. Basis seaboard?—A. Basis seaboard, yes. When we come to the Gulf ports, which are our big competitors, two Red Winters are quoted at Galveston at \$2.56, while our No. 2 Northern again at Montreal is quoted at \$2.25.

Q. That is not all in transportation?—A. It is the result of transportation and premiums. I have not got the break-down; but these are the quotations.

Q. What constitutes that difference? It cannot all be transportation?—A. It is transportation and premiums.

Right Hon. Mr. Howe: With transportation rates so much higher in the States.

Mr. Ross: I realize that.

By the Chairman:

Q. I take it there are two Red Winters, and that our No. 2 Northern is about the same?—A. I think our No. 2 Northern is better quality.

By Mr. Ross:

Q. Yes, I think it is recognized by experts as a better quality of wheat.—A. Yes. The point I mentioned earlier was that a lot of this wheat is not being sold in a regular manner. These are quotations on wheat going out to a lot of areas with respect to which the Americans have a responsibility for providing; so it is not a commercial transaction in the strict sense of the word.

By Mr. Charlton:

Q. We are trying to sell more of our wheat, and we are making up the difference?—A. Yes, and I think it is good business.

Mr. WRIGHT: I take it that the American price is determined by the policy in the United States with respect to their floor prices legislation, and whether the United States government wishes to show any loss that there may be in the handling of wheat as a loss against their stabilization program in the United States or against their Marshall Aid, because the shipping of wheat to those other areas is their responsibility; so it does not actually mean that the American price is the world price. The price established by the Americans was designed

to fit into their policy with regard not only to the selling of their wheat but also their policy with regard to Marshall Aid and assistance to other parts of the world.

Mr. Ross; Still, it is taken into account in arriving at our own price?

By Mr. Wright:

Q. Yes, and in arriving at the price at which we can sell wheat.—A. I think that if you look at the over-all position in the United States you must start with the American government loans policy which has the effect of holding a considerable quantity of wheat off the market; and they use the great bulk of their wheat themselves.

By Mr. Ross:

Q. That loan policy would have quite an effect?—A. Yes, it has quite an effect in drying up wheat supplies. There is no doubt that the effect of drying up wheat supplies due to the loan policy means there are premiums established on wheat on the amount that is available. But what the internal bookkeeping is in the United States, I do not know.

By Mr. Wright:

Q. You spoke of Port Churchill a moment ago and the establishment of a price of Port Churchill for this year. I presume you would follow the policy which you used last year in offering wheat out of Port Churchill on a basis of splitting the difference on the saving that could be made out of that port when making sales out of that port. Is that the policy?—A. I would not like to say too much about that at the moment. We hope to be able to sell some of this wheat.

Q. I see. I shall not pursue it further. Has the Wheat Board made any representations to the Board of Grain Commissioners with respect to the tariff charges or diversion charges on wheat moving to Port Churchill?—A. That is not a question for the Board of Grain Commissioners. That arises out of the fact that when we come to make arrangements with the Elevator Handling Companies, they require diversion charges on wheat that goes to Port Churchill for what they call "in lieu of terminal earnings at the lake head"; and we have argued with them about removing it, but I regret to say that we have not been successful.

Q. You have made representations, and that is all you can do.—A. We have made representations to the companies, not to the Board of Grain Commissioners. It is not a tariff set up by the Board of Grain Commissioners. It is a part of the handling agreement. I can tell you that we made very strong representations not only at last year's meeting, when we arrived at a handling agreement, but also in the previous year. Unfortunately we have not been successful.

Q. Does the Board make representations to the Board of Grain Commissioners with respect to other matters such as elevator and storage charges?—A. No.

Q. That is left to the Board of Grain Commissioners entirely?—A. Yes. The way we feel about charges and about the handling agreement is this: there are four large producer organizations, the three pools and the United Grain Growers. We are trying to get the best agreement we can. But if they are adamant and say: "This is the lowest charge we can set", we feel we cannot go much further than that. We feel they should represent the producers in the negotiations, and we always point that out to them. But if we cannot get them down, our hopes are not very good of getting charges reduced.

By Mr. Bryce:

Q. They are asking for payment for service that they do not render?—
A. Their argument is: they own terminals and as a result of owning these terminals, when wheat is shipped via the lake head, they get service charges for moving the wheat through their own terminal. But when the wheat goes to Port Churchill they lose such terminal charges.

Q. They want to get paid for services which they do not render.—A. They do not quite put it that way.

Q. Well, that is the way the farmer puts it. They want to get paid for something they are not doing.—A. They say if this wheat is permitted to go to the lakehead they stand to get the benefit of the elevator charge. The producers' elevator companies always make the same argument. They claim that if the wheat was permitted to go to the lakehead they would obtain the service charge but when it is diverted to Churchill where they have no interest in the elevator they lose that charge and they want to get compensation.

By Mr. Wright:

Q. Their argument is that their elevator charges are taken into consideration in their earnings at the terminal elevators.—A. That is right.

Q. And if you were to change the earnings at their terminal elevators they would have to come back and ask for higher charges.—A. They claim that they enter into an agreement with us on an inclusive basis and if we were to reduce it in some sections they would have to ask for compensation in other sections to make it up to them.

Mr. CHARLTON: Is there much wheat being held at these terminals in store?

The WITNESS: No, there was three or four years back. There were big stocks of wheat in the west. Dealing with western government elevators, there was very substantial use being made of them; and, with regard to the government elevators in the east, Prescott, Port Colborne, to some extent Quebec, and Montreal, they are being used very substantially.

Mr. ROSS: Referring to the paragraph on transportation there on page 6, I see that you refer to the wheat requirements and the fact that your shipping program in the fall of 1948 was not fully attained. I presume that has reference to movement of grain to the east, and I see that flax is referred to there, and I note that you indicate that there was a shortage of elevator space. Was that space also filled up with grain, or were you holding flax in some of it?

The WITNESS: We didn't own any stock of flax that year except at the Lakehead and east.

Right Hon. Mr. HOWE: Unfortunately the Act passed by parliament provided a flax price delivered at Fort William or Port Arthur.

The CHAIRMAN: I know it was out of position in Saskatoon.

The WITNESS: I think if it had come to us early enough even in spite of the difficulty Mr. Howe mentioned, we could have done something about it, but by the time it came to us it was impossible for us to do anything about it.

Mr. WRIGHT: Does the Board attempt to move coarse grains as far as possible by boat to the various elevators and government storages, terminal elevators included?

The WITNESS: No, we sell our coarse grains at the lakehead.

By Mr. Jutras:

Q. I wonder if you would mind turning to page 10, item 15, "Selling Prices—Class II Wheat". For the crop year 1945-46 the price on all export wheat sold was \$1.55, that was the U.K. price, and the domestic price during that period

was apparently \$1.25; while at the end of 1946-47 the average class II price was \$2.43, and I believe the U.K. price was \$1.55 for that period; well then, what would be the average domestic price there?—A. It is summarized on the previous page.

Q. Where do you see that on page 9? That does not break it up by crop years, that is for the full period.—A. If you will look at the footnote on page 9 it says, dealing with the domestic price, that it was \$1.25 per bushel from August 1, 1945 to February 17, 1947.

Q. To what?—A. To February 17, 1947, at the foot of page 9.

Q. Yes. Now what I am trying to get at is the average price for the crop year. If you have been able to figure it out I would like to know the amount sold at \$2.40 and the amount sold at \$1.55. It doesn't show it on that page.—A. Yes, it is there. If you look above that where we show the total to the domestic market 204 million bushels, and just to the right of that 38 million odd bushels sold at \$1.25 per bushel.

Q. Yes, I am sorry; that was the total amount for the whole period 1945 to 1949.—A. That ties in with the footnote at the bottom of the page.

Q. No, it does not completely. It was for 34 million bushels; the quantity sold on the domestic market 1945 to 1949; then in that year, the next year, 1946-47, part of that was sold at \$1.25 and part at \$1.55.—A. The accountants can correct me if I am wrong but it seems to me that what I have said is that the price of \$1.25 applies from August 1, 1945 to February 17, 1947.

Q. Right.—A. And that there were 38,470,000 bushels sold; then the \$1.55 per bushel applied from February 18, 1947 to July 31, 1948 at which price 112,933,000 bushels were sold; then the price of \$2 per bushel applied from August 1, 1948 to July 31, 1949, and at that figure 52 million bushels were sold in the period from August 1, 1948 to July 31, 1949.

By Mr. Ross:

Q. In this United Kingdom agreement made in 1946, I suppose you were over there when the contract was signed?—A. The contract was signed here in Ottawa.

Q. There is a clause in that agreement which prescribes the method by which the price shall be arrived at. What was the idea in the minds of the people who set that value when that clause was put in there, what was your thought on the price then?—A. I don't know.

Q. Why was it written into the agreement?

Right Hon. Mr. HOWE: Does it mean any more than it says?

Mr. Ross: I do not know why it is in there.

Right Hon. Mr. HOWE: Well, the clause is there and it provides for the setting of the 1947 price or rather I should say the price of the succeeding year; that it will be fixed having regard to the price of the preceding year.

By Mr. Ross:

Q. What was the basis? Did you have any thought in mind of what constituted a world price?

Right Hon. Mr. HOWE: No; I do not think it was ever understood that it would be \$1.80.

Mr. Ross: That is what I would like to know; I would like to get some clarification of that phrase.

Right Hon. Mr. HOWE: On the strength of that phrase the price to the U.K. of the 1948-49 crop was raised to \$2.

Mr. Ross: That still was away under what you people were selling class II wheat for—you were underselling the markets there.

Right Hon. Mr. HOWE: We were not underselling other markets there.

Mr. ROSS: Well I just wondered if somebody had an idea of what that clause meant?

Right Hon. Mr. HOWE: The agreement specified a price of \$1.55 for two years then it said in fixing the price for the last two years regard would be had to the difference between—well I just do not know how the clause reads.

Mr. ROSS: A world price—that is the thing I have not got clear.

Right Hon. Mr. HOWE: Well I was not in on the negotiations at the time, but I know what the clause says.

Mr. ROSS: I do too, but I did not know what it meant. I would like to get from somebody what they had in mind when they wrote it.

Mr. HETLAND: We are not on coarse grain yet?

The CHAIRMAN: No, we are just finishing up page 11. Are there any more questions up to the bottom of page 11?

Right Hon. Mr. HOWE: There was someone interested in this deficit of the 1945-49 pool account as of July 31, 1949. This would be a good place to clear that up.

Mr. WRIGHT: There was something said in the House with regard to it when the statement came out. I commented on it in the House but I do not think there is anything to clear up before the committee. We had a deficit, and that is all there is to it. We overpaid when we paid the 20 cent payment—in my opinion—in view of the amount of the fund and the position of the Board when the payment started. That is all there is to comment on. I do not think the Board had anything to do with it. It was a matter of government policy to make the payment and all the Board did was to carry out the policy. I might ask Mr. McIvor whether, in his opinion, it was a right thing to do or a business-like thing to do—to start on a payment of \$220 million when there was available at that time, I believe, only some \$75 million in possession of the Board. However, I do not think that is a fair question to ask Mr. McIvor and I am not going to ask him.

Right Hon. Mr. HOWE: There were other charges—the pool at that time was carrying charges other than the charges against wheat. I do not think the Board recommended that the government make any payment on wheat when there was not the cash to cover it.

Mr. ROSS: What do you mean by other charges?

The WITNESS: I think there is a point which might be raised.

Mr. ROSS: Before you go on to answer, there has been a lot of conflict about this. I remember the Minister of Agriculture was quoted as stating in a speech in Moose Jaw a year ago last April that the 20 cent payment was only part of what was in the pool and there would still be another 12 or 15 cents in the pool.

Right Hon. Mr. HOWE: I do not think so.

Mr. ROSS: I am saying that he was quoted that way in the paper and therefore there was a lot of conflict about it.

Right Hon. Mr. HOWE: Mr. McIvor can clear that up, but I do not think we did overpay.

The WITNESS: I have just a short statement on the point.

Effective April 1, 1949 the initial price of wheat under the five-year Pool was increased from \$1.55 per bushel to \$1.75 per bushel basis No. 1 Northern Wheat in store Fort William, Port Arthur or Vancouver. This was an increase in the initial price of all wheat delivered to the Board between August 1, 1945 and July 31, 1950. The increase took into account

not only the current cash position of the Board but the known factors in the price and demand situation for the final sixteen months of the Pool period.

The Board felt that a 20 cent increase in the initial price was safe from the standpoint of the financial structure of the Pool. The Board felt that it could finance the increase in the initial payment over the period within which the adjustment payment would be made to producers. As far as the wheat operations of the Board are concerned we did not have to borrow money for the purposes of the payment nor for current wheat operations during the crop year under review.

Prior to the announcement of the increase in the initial price from \$1.55 per bushel to \$1.75 per bushel, the Board had been using surplus wheat funds to finance non-wheat operations of the Board—principally the 1947 and 1948 flax seed accounts.

As required wheat funds were withdrawn from these special non-wheat operations which were then financed by borrowing from the banks as required.

Mr. WRIGHT: The criticism I had was this. We ended the year with a deficit as shown of \$5,235,621.37. That meant that on the 31st of July the Board had a deficit with no funds on hand to start purchasing the new crop. You had to immediately—and you may check me if I am not correct—to go to the banks to borrow large sums of money to buy the producers' wheat once they started to deliver in August of 1949. You will have to pay the banks 3 per cent interest compounded monthly or whatever the arrangement with the banks is; whereas, in 1948 you had a large amount of the growers' funds there which were available to make initial payment on the 1948 crops. It was a matter of financing; it left you in a deficit position at the start of a new year and as a result you must have had to go to the banks to borrow a large share of the funds required for the financing of your 1949 operations.

Now, I cannot see the thing in any other position, and I say that had this been a wheat pool, or a co-operative organization, or any business organization starting the current year 1949 in a deficit position, they would not have been able to go to the financial institutions of the country to borrow money for financing the crop. It was only because you were a government board that you were able to do that. I do not think that being a government board you should leave yourselves in a financial position such as that; I do not think it is good business.

The WITNESS: I do not think we did that, but I am going to ask Mr. Earl to reply.

Mr. ROSS: Following what Mr. Wright has just said—In Exhibit 1—page 25—it shows as at the first of July 1939 there was a liability to banks—demand loans—of \$23,795,698.28, and accrued interest thereon of \$3,911.62. Now the statement that you had borrowed money and had to pay interest on it at that date bears out Mr. Wright's argument.

Right Hon. Mr. HOWE: Do you think it is good business to hold back moneys from the farmers for the purpose of financing coarse grains and flax operations?

Mr. ROSS: No, no, I am not arguing that. I am discussing the bookkeeping. I am not complaining about making the payment and I still think that the government should have paid considerably more money; the farmers have quite a bit still coming.

The WITNESS: I do not think the amount of money which the Board owes or does not owe banks has too much of a bearing on what their payments to the producers should be. We had in this case, sufficient sales ahead to say to the

government that we thought the 20 cent payment could be made with safety. I think we would have been very wrong in holding the money back, but Mr. Earl can give you more information about the direct financial position.

Mr. WRIGHT: I would judge that around the 15th of September would be the time at which the borrowing would be the largest for the 1949-50 crop year? largest for the 1949-50 crop year?

Right Hon. Mr. HOWE: Do you mean funds?

Mr. WRIGHT: To make the initial payment.

Right Hon. Mr. HOWE: To make the initial payments on wheat or on coarse grains and on flax?

Mr. WRIGHT: I am speaking of wheat.

Right Hon. Mr. HOWE: Just on wheat?

Mr. WRIGHT: Just on wheat.

The WITNESS: You are dealing with this crop year?

Mr. WRIGHT: Yes. The borrowings were lower because there were not the funds available from the other years. All within the five-year pool.

Mr. HETLAND: Would not the farmer be using his own money to buy his own wheat the next year? He would be using his own money to buy his own wheat the next year unless he got it.

Mr. WRIGHT: Instead of borrowing it.

Mr. HETLAND: They all borrow money to buy their wheat. In other words, the farmer has his own money there to buy his own wheat the next year.

Mr. WRIGHT: But the pools when they were organized took a payment from the farmer of 1½ cents a bushel to set up a reserve to do this very thing, so that they could be in a financial position where they could go to a financial institution in this country which, as I understand, demands that the pool should be holding back a certain amount of their own funds before they would loan to them the money required.

The WITNESS: The farmers can go to the banks right now for any money they need for the Wheat Board account. They reduce their bank loans when they deliver to the board.

Mr. WRIGHT: And they were able to deliver it because of the reserve which they had set up; otherwise, the banks would not loan to them.

Mr. HETLAND: Wheat is a reserve.

Right Hon. Mr. HOWE: The grain is in the grain elevators.

Mr. WRIGHT: The reserve is in the form of cash which they have in part to finance.

Mr. ROSS: Mr. Earl, perhaps you can give us some clarification?

Mr. EARL: I was first going to say that the loan applied entirely, as Mr. McIvor has said, to government of Canada operations. I might point out, too, that our banking is done on a net basis. That is, we run one complete set of bank accounts and operate all the consolidated operations of the board within that structure. We are able to tell the amount of available funds, that apply to each particular account within that consolidation. As of July 31 the cash deficit in the government account amounted to \$25 millions, the cash surplus in the wheat account to \$1,560,000, and that is the detail of the remark that Mr. McIvor has made, that we do not have to borrow money for purposes of making that payment.

Now, if I might refer to the deficit just for a moment, I think there are one or two items that I can perhaps clarify. There is one, of course, very elastic item in any financial statement, and that is the valuation of the inventory. Now, if you would look at the balance sheet just for a moment, you will find that we

have valued the wheat inventory on the basis of \$2 per bushel which would be the lowest amount which we would attain in liquidating all that inventory. Actually, history subsequent to the date of this balance sheet indicates that we had realized more than the valuation by some \$465,000 approximately, by reason of the application of that inventory to class II sales.

In addition, you will also note that there is no provision in that valuation for the inclusion of the 5-cent carrying charge. The reason is that it is impossible to tell which proportion of the 5-cents applied prior to July 31 and which proportion applies afterwards. But in the compilation of the statement, full provision has been made for all carrying charges up to and including July 31.

The effect is that full provision has been made for all liabilities, but we have not included in the statement any return for anticipated revenues which would accrue from that carrying charge and which would be collected on ultimate sales.

In addition, the payment situation as it stood at July 31 has a bearing—I would like for a moment to refer to page 19, of the report, the bottom section. You will note that on these adjustment payments applicable to the 1945-1949 pool, there is a total amount still to be paid to producers of \$23,464,000.

In arriving at the operating results for July 31, full provision has also been made for this liability; in other words, we have provided for the \$23 million but we had not disbursed it as at July 31, again following the accepted practice of including all liabilities at the date of any balance sheet.

If the operating results were determined on a basis which eliminated the \$23 million, which is included in the cost of your wheat, you would actually be showing a surplus in your account of some \$18 million, being the difference between your \$5 million deficit and your \$23 million liability.

Mr. WRIGHT: That means that instead of having a deficit you would have a surplus of \$18 million?

Mr. EARL: That is right. Had we dealt with it, sir, on the basis of only increasing the cost of your wheat as the payments were disbursed.

Mr. CHARLTON: If there is an unpaid deficit of \$5 million, how does that bring it down to a figure of \$18 million? It would make it \$28 million deficit.

Mr. EARL: No, it would change your operating deficit. I am not speaking about cash. Your cash position does not necessarily have any direct relationship to your operating results and it cannot in this case, as we mentioned a moment ago, by reason of the fact that your cash at the present time was actually out financing the government account.

Mr. CHARLTON: But you say here: "In respect to the foregoing payments the board still had to disburse as at July 31, 1949, the sum of \$23,464,971.69." On the same date you are showing the bank liabilities, that is, loans from the bank, as \$23,799,609.90.

Mr. EARL: That is right.

Mr. CHARLTON: And you are showing a deficit on the year's business at \$5 million. Now, I do not see how you can get the cash balance.

Mr. EARL: I did not say a cash balance. I am distinguishing between a cash position of an organization and its operating position.

Mr. CHARLTON: You actually owed at that particular time \$46 million.

Mr. ROSS: That is not the position of assets. Page 19 simply says \$23,464,971 liabilities. Right there it says it is outstanding.

Mr. CHARLTON: It is an outstanding liability.

Mr. EARL: That is correct, and it follows that also outstanding is the profit on the liquidation of your inventory. Ultimately there will also be collection of carrying charges, and sales on the continuation of the 1945-1949 pool will produce the funds for final payment of the liability to the producer.

Mr. WRIGHT: Can you give me your bank loans as of September 15, 1959?

Mr. EARL: No, sir, I do not have them here. I can get that for you.

Right Hon. Mr. HOWE: I think what is being overlooked there against that so-called deficit is a payment from the federal government of how much—we appropriated last year quite a substantial payment.

Mr. CHARLTON: It says here \$4,195,814 due from the government of Canada.

Right Hon. Mr. HOWE: Were there not other charges due?

The WITNESS: What is the amount due from the Canadian Government.

Mr. EARL: \$4,195,814.25.

Right Hon. Mr. HOWE: That is the flax account. It was due on the coarse grain account—not due from the government, but on the account borrowed against the flax and coarse grains.

Mr. EARL: Borrowings from their accounts in cash, \$25,356,000.

Mr. WRIGHT: That is at July 31, 1949?

Mr. EARL: Yes, amounts which we had borrowed from the bank and wheat accounts for the 1947 and 1948 flax account, rape seed account and our refund account. There were also sundry other small accounts.

Mr. WRIGHT: That was not due to the wheat operations.

The CHAIRMAN: Would you please speak a little louder, they cannot hear at the other end of the room at all.

Right Hon. Mr. HOWE: Perhaps we can proceed with coarse grain.

Mr. WRIGHT: I had not finished yet. I am more muddled than when we started, Mr. Minister.

Right Hon. Mr. HOWE: The Board reported that they could safely pay 20 cents a bushel. They paid it out and the comptroller has told you that they did not have to borrow any money to make the payment.

Mr. WRIGHT: I do not think that is right.

Right Hon. Mr. HOWE: Is that a fact?

Mr. EARL: That is correct.

Mr. WRIGHT: Did you not have to borrow any money at all to make the payment on wheat? Because you just took the money out of the flax and coarse grain accounts. It was not due you as a payment on wheat at all?

Mr. EARL: It was a repayment of wheat money that had been loaned to government account for financing purposes.

Mr. ROSS: It was actually in the wheat account?

Mr. EARL: That is correct—originally. The bank loan applied entirely to government of Canada account; in other words, that \$23 million bank loan consisted of two figures—a cash deficit in the government account of \$25 million and a cash surplus on wheat operations of \$1,560,000.

Mr. CHARLTON: Where is that shown in the statement?

Mr. EARL: That is not shown. We can only show the net amount of borrowings that we make from banks. Our accounts are on a consolidated basis.

Mr. WRIGHT: Then it would be very difficult for anyone reading these accounts to come to any other conclusion than what I have.

Mr. CHARLTON: Mr. Chairman, I have another question. You inferred that it was because of coarse grains and flax that you had to borrow this money?

Mr. EARL: I said flax, rape seed and refund account. They are the main government accounts.

Mr. CHARLTON: Mr. McIvor has said it then.

The WITNESS: I never mentioned coarse grain.

Mr. CHARLTON: At any rate there was no necessity. I am not trying to start a debate on coarse grain, but the coarse grains are bought, the farmer is paid for them and you are paid for them, are you not, when this coarse grain is laid down in Fort William or taken out of Fort William?

The WITNESS: That is right.

Mr. CHARLTON: Then why should there be such a hold-up on coarse grain?

The WITNESS: I did not know we were talking about coarse grain.

Right Hon. Mr. HOWE: Quite a time elapses before the time coarse grains are paid for and refunds are made to the board.

The CHAIRMAN: Can we clear this point up now?

Mr. ROSS: Before we leave this point. I do not know whether this is a fair question, but there has been a great deal of controversy throughout the country. As I say, the farmers have been muddled; we who try to study it a bit are muddled and, really, the farmers would like to know, if it can be estimated closely, about what they would expect in the next payment? I would think your board could give a pretty fair estimate of that at this stage.

The CHAIRMAN: I do not think that is clearing up the question I had in mind.

Mr. ROSS: It is a part of this discussion.

The WITNESS: I think that is the \$64 question.

Mr. ROSS: It might be unfair to the officials but it would be very helpful to the producer.

The CHAIRMAN: What I had in mind was to clear up the question that Mr. Wright brought up.

Right Hon. Mr. HOWE: I think that is cleared up to Mr. Wright's satisfaction.

Mr. WRIGHT: I want to say that I do not think it has changed my opinion. As far as growers were concerned, in the final analysis they would have received more out of the five-year pool had a twelve cent payment been made in 1948-49 and the interim payment made this spring or a final payment made this fall, when we expect it to be made. I think that figure would prove that I am correct in saying that the growers would have received more money had the payment made in 1948-49 been twelve cents.

Right Hon. Mr. HOWE: More than the interest on the money the producers received?

Mr. WRIGHT: Yes, more than the interest on the money they got, because a large portion of the growers in Saskatchewan paid income tax on that payment. Of course, that is outside the board.

The WITNESS: I do not think we want to get into the income tax.

Mr. ROSS: It is difficult enough now.

Mr. WRIGHT: That is all I have to say on the matter.

By Mr. Charlton:

Q. As I understand it the wheat board is supposed to be self-sustaining. Now, in the experience of the wheat board in the last few years has there been any government money gone into that which has not been paid back?—A. Yes. In 1938-39 the wheat board recommended an initial payment of 60 cents a bushel. At that time the Act provided that we had to recommend a price.

1938-39 followed a very poor crop in 1937-38, and the government of that day decided that the best means of getting out money to the western provinces that needed it in the worst way was to pay 80 cents a bushel. The government were advised at that time that in the opinion of the Board that price would mean a big loss, and the loss was somewhere over \$60 million.

Q. \$60 million in 1938-39?—A. Yes. In 1939, there was a small loss, I can get the figures for you; but the big loss was in 1938-39. That loss was taken with eyes open; it was realized there would be a loss.

Q. Have you any estimate?

Right Hon. Mr. HOWE: When you reckon them up, there was another ten cents on the equalization fund in 1945, was there not, when we raised the price from 25 cents to 35 cents?

Mr. ROSS: On wheat?

Right Hon. Mr. HOWE: Yes.

Mr. WRIGHT: The government made money on that?

Mr. ROSS: I do not think the government was ever out anything since the war started.

Mr. DAVIDSON: Mr. McIvor has just given you the 1938-39 position and on all wheat operations since the 1940 crops there have been surpluses distributed to producers.

Mr. CHARLTON: On the total operations of the board could you get me the figures, the loss in the total operations of the board?

Mr. ROSS: To keep that clear, as from the commencement of the war, and since.

Right Hon. Mr. HOWE: There was a loss on flax, of course.

The WITNESS: Wheat only, Mr. Charlton?

Mr. CHARLTON: Wheat separately, and the complete loss separately.

Mr. EARL:

1938 crop	\$ 61,281,329.55
1939 crop	8,816,210.36

Those two are both deficits and the following amounts are all surpluses:

1940 crop	\$ 26,198,149.47
1941 crop	15,226,321.68
1942 crop	19,575,887.27
1943 crop	36,387,548.30
1944 crop	65,087,690.34

and the pool: 1945 to 1949 pool accounts, a deficit of \$5,235,621.37.

The WITNESS: As of July 31, 1949.

Mr. EARL: That is correct.

Right Hon. Mr. HOWE: I might point out that the surplus was not used to offset the deficits; the government paid the deficits and the surpluses went to the producers.

Mr. FAIR: I was going to ask whether Mr. McIvor could give us an estimate of the losses taken by the farmers who grew wheat for the 1938-39 wheat board operations.

The WITNESS: The losses taken by the farmers?

Mr. FAIR: Yes, operating losses.

The WITNESS: I do not know.

By Mr. Wright:

Q. To offset against that \$60 million which the government has paid I would like to point out that the government took over, I think it was some 230-odd million bushels, of wheat as of a certain date in October, I believe, 1943, at \$1.26 and a fraction cents. Am I right in that?—A. Approximately.

Q. Now the government later disposed of that wheat in several different ways: one of them was to make a gift of wheat to Greece and India, another was to supply wheat to the domestic trade in Canada at \$1.25 a bushel when that wheat could have been sold on a rising market which reached, I think, \$2 a bushel before the wheat was completely disposed of.—A. No.

Q. Well, \$1.90 anyway.—A. No, it was not \$1.90. I remember that wheat was known as crown wheat and when it was exhausted there was a further 100 million bushels sold to the crown, I think, at \$1.43. The market had reached there, I think, by the time the second instalment was purchased.

Q. But it was all disposed of at considerably more than the amount it was taken over from the farmers, and the basis on which the farmers were paid for the wheat had it been disposed of on the world markets—A. Well, there was a considerable period of time that that was about the current market.

Q. Not very long. The market started to rise almost immediately after that date in 1943 as I remember it.—A. Which market are you referring to? The Winnipeg market was closed.

Q. I am referring to the American market which was the only market available to judge the price.

Right Hon. Mr. HOWE: It was not available anyhow, we could not sell anything on that market.

By Mr. Wright:

Q. You were selling wheat to different parts of the country at prices over \$1.26?—A. In 1943-44 and 1944-45, I think it was, we sold the Americans about 160 bushels of wheat which they took down there. They were in a deficit position then, they needed it for feed, so I do not think it would be quite fair for the Chicago market at that period to represent the so-called world price.

Q. What would you say was the world price during that period?—A. I do not know. Frankly there are so many world prices these days it is hard to figure out.

Q. You must have been selling wheat on the world market during that time, you must have been selling to some other countries; I would take that price as some indication of what you obtained for this wheat.—A. We were selling some; but if you remember, the bulk of the markets then were completely closed off; it was largely a war operation, and Europe was closed off. We were selling some, but our big market in the last year or two of the war, outside of Mutual Aid, was the United States.

Right Hon. Mr. HOWE: I can assure you that the government did not make any money on that crown wheat, if you want to examine the records.

By Mr. Wright:

Q. I still think that if that wheat had been held to the farmers' account, it would have brought more than \$1.26 at which it was taken over.

Right Hon. Mr. HOWE: You cannot make your speculation five years after the event.

By Mr. Quelch:

Q. On page 9 it is stated that we sold Britain in 1946-47, 1947-48, and 1948-49 a total of 339,573,484 bushels at \$1.55, whereas we had only contracted to sell Britain 320 million odd bushels. How did we come to sell her an extra 19 million bushels at \$1.55? Would they not be entitled to receive No. 2 Northern wheat?—A. The arrangement which we made with them for the life of the contract was that we would supply the equivalent of offal which remained in this country. They took flour. Had they taken it all in the form of wheat, which we did not want them to do, they would have got their net bushels of wheat; however, they took so much in the form of flour and they thereby lost their offal. So we gave them credit for the offal in the over-all quantity.

The CHAIRMAN: Are there any further questions with respect to page 11?

Mr. WOOD: On page 9 it says: "To other countries subsequent to the Canada-United Kingdom Agreement—169,724,667 bushels, at an average of \$2.39 per bushel"; whereas, the domestic figure appears to be \$1.55 for the same period, with respect to 204,090,130 bushels. It looks to me as if Canada was getting a good "deal" here at the expense of someone.

The CHAIRMAN: I beg your pardon?

Mr. WRIGHT: It looks as if the Canadian citizen was getting a good "deal" at the expense of the wheat grower?

Right Hon. Mr. HOWE: Everything but wheat was pegged in November 1941; all prices were controlled; we were selling lumber before we got through at \$29 per thousand on the domestic market, when we could get \$60 from Britain for the same lumber and \$87 from the States for the same lumber. Wheat was never pegged. The wheat farmer had an advantage in that regard. His price went steadily up. We pegged flour and we took a licking on the difference, but we did not peg wheat.

Mr. CHARLTON: The eastern farmer in the years 1945, 1946, and 1947 took \$1.25 for his wheat, when the western farmer was getting \$1.75, so the eastern farmer took a beating.

Right Hon. Mr. HOWE: He was free to sell it where he liked.

Mr. CHARLTON: Yes, that is true, but at a stated price.

Right Hon. Mr. HOWE: Yes. Almost everybody was put under a ceiling at that time but the eastern farmer was not. So far as pegged prices go, everything which the farmer bought was at a pegged price, under November 1941 prices yet his wheat was allowed to go up.

By Mr. Wright:

Q. But the western farmer at that time was not guaranteed \$1.75 either. His guarantee was at that time \$1.35 and later \$1.55. It was only after the deal was completed that the \$1.75 was pegged.—A. There were some compensating payments made to the Ontario wheat producer.

By Mr. Charlton:

Q. Yes, but not nearly up to \$1.75.—A. No.

Right Hon. Mr. HOWE: I always thought that the eastern producer got trimmed in that period.

By Mr. Hetland:

Q. I am not quite satisfied with this deficit of \$5 million. Where is that going to be charged? Is it going to be charged to the wheat account or to the coarse grain account?—A. There is no deficit.

Q. But there is a deficit here on the pool account.—A. It has nothing to do with the coarse grain account.

Q. You took some money to buy flax, for example?—A. We bought flax on the government's account. Now, ordinarily, the government would send us a cheque. They eventually did so; but they did not send us a cheque at the time; and we had a considerable amount of money on hand.

Q. The farmers' money?—A. The farmers' money.

Q. Wheat money?—A. So we loaned this money in our own organization to the government and we charged them bank interest. That, to my mind, in the words of a layman, is all that there was to the transaction.

Q. That was good business?—A. I think it was.

Q. That is all I am trying to get at. Thank you.

The CHAIRMAN: Are there any other questions with respect to page 11? I do not want to rush you, but if there are no further questions with respect to page 11 I shall ask Mr. McIvor to carry on, commencing at the top of page 12.

Right Hon. Mr. Howe: How would it be to start with page 12 tomorrow?

The CHAIRMAN: That is entirely up to the meeting. It would suit me very well.

Mr. Ross: It is a quarter to six now, Mr. Chairman.

The CHAIRMAN: Now, just what time shall we sit tomorrow? What time would suit Mr. Howe, the members of the committee and the witnesses?

The WITNESS: We are here, and we are ready to meet the wishes of the committee.

The CHAIRMAN: Well, what time should we meet tomorrow morning?

Mr. Ross: What about 11.30, Mr. Chairman?

The CHAIRMAN: 11.30. Very well. The meeting is adjourned until 11.30 tomorrow morning.

The committee adjourned.

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SECOND SESSION
HOUSE OF COMMONS

STANDING COMMITTEE
ON
AGRICULTURE
AND
COLONIZATION

MINUTES OF PROCEEDINGS AND EVIDENCE
No. 5

REPORT OF CANADIAN WHEAT BOARD FOR
CROP YEAR 1948-1949

THURSDAY, JUNE 8, 1950

WITNESSES

Messrs. George McIvor; C. Gordon Earl, Comptroller; K. C. Aseltine, Assistant-Comptroller; and C. B. Davidson, Secretary, Canadian Wheat Board, Winnipeg, Manitoba.

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Clerk: ANTONIO PLOUFFE

REPORT TO THE HOUSE

JUNE 9, 1950.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FOURTH REPORT

In accordance with an Order of the House issued on June 5, 1950, your Committee has studied the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

A detailed examination was made of the said Report, and your Committee wishes to record appreciation of the assistance afforded by Mr. McIvor, Chief Commissioner of The Canadian Wheat Board, and by three of his assistants, viz. Messrs. Earl, Aseltine and Davidson.

A copy of the minutes of proceedings and evidence taken with respect to the Report of The Canadian Wheat Board for the Crop Year 1948-1949, and also in relation to Bill No. 209, An Act to amend The Prairie Farm Assistance Act, 1939, previously reported upon, is tabled herewith.

All of which is respectfully submitted.

A. J. BATER,
Chairman.



MINUTES OF PROCEEDINGS

THURSDAY, June 8, 1950.

The Standing Committee on Agriculture and Colonization met at 11.30 a.m. The Chairman, Mr. A. J. Bater, presided.

Present: Messrs. Argue, Bater, Bennett, Blue, Bryce, Charlton, Darroch, Dumas, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, MacKenzie, McCubbin, Quelch, Roberge, Ross (*Souris*), Studer, Wood, Wright, Wylie. (24).

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Messrs. McIvor, Earl, Aseltine and Davidson of The Canadian Wheat Board, Winnipeg, Manitoba.

Also, Mr. Smith (*Moose Mountain*).

The Committee resumed consideration of The Report of The Canadian Wheat Board.

Mr. George McIvor was called and further examined. He was assisted by Messrs. Earl and Davidson.

Statistics relating to producers' certificates and outstanding cheques were incorporated in the evidence.

Other tables not readily available will be produced at the afternoon meeting.

At 12.55 p.m., the Committee adjourned until 3.30 p.m. this day.

ANTONIO PLOUFFE,
Clerk of the Committee.

The Committee met at 3.30 o'clock p.m. Mr. Bater, the Chairman, presided.

Members present: Messrs. Argue, Bater, Bennett, Bryce, Charlton, Corry, Darroch, Dumas, Fair, George, Gour (*Russell*), Hetland, Jones, Jutras, Kent, Kickham, Laing, Leger, MacKenzie, McCubbin, Quelch, Ross (*Souris*), Wood, Wright, Wylie.

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Messrs. McIvor, Earl, Aseltine and Davidson of The Canadian Wheat Board, Winnipeg, Man.

The Committee resumed and completed consideration of the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

On behalf of the Committee, Mr. Wright thanked the attending officials of the Wheat Board for the very clear explanations given, and stated that the farmers of Western Canada appreciated the work that the Board has done.

Mr. McIvor thanked the Committee for the attention given in regard to the Wheat Board Report.

Ordered,—That the Chairman report that consideration has been given to the Report of The Canadian Wheat Board for the Crop Year 1948-1949.

The Committee adjourned to meet at the call of the Chair.

JOHN T. DUN,
Acting Clerk of the Committee.

EVIDENCE

HOUSE OF COMMONS,

THURSDAY, June 8, 1950.

The Standing Committee on Agriculture and Colonization met this day at 11:30 a.m. The chairman, Mr. A. J. Bater, presided.

Mr. George McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The CHAIRMAN: Gentlemen, I think we have a quorum, and I shall ask you kindly to come to order. We shall resume our meeting, and I think we shall make another attempt to start at page 12.

Mr. Ross: Mr. Chairman, before you go to page 12, I would like to ask a question or two and make a reference in respect to page 9.

The CHAIRMAN: Very well.

Mr. Ross: My question has to do with the distribution of sales. It is paragraph 14, I think, on page 9. One of the gentlemen made a reference about the great loss the farmers were taking under one of those items. In referring to the Canada-United Kingdom Agreement, there is a total of 485,915,258 bushels to the United Kingdom under the Agreement and it is divided into 339,573,484 bushels at \$1.55, and 146,341,773 bushels at \$2. My point is that below that it states: "To other countries subsequent to the Canada-United Kingdom Agreement . . . 169,724,667 bushels . . . the average was \$2.39 per bushel." On the first portion sold to the United Kingdom the difference between \$1.55 and the average of \$2.39 would be, roughly, \$285 million; and on the next portion, the 146 million odd bushels, the difference between \$2 and the average of \$2.39 would be approximately \$45 million, making a total of 485 million and some odd bushels sold to the United Kingdom. In the first three years of the agreement they lost in class 2 wheat slightly over \$330 million. I think that is correct according to this report, is it not? Then reference was made to the domestic market. There is an item of 204,090,130 bushels in the first three years. The average price there would be \$1.60. That has been based on the price which was set up under the Canada-United Kingdom wheat agreement and it is relative to our domestic market price in Canada. So the difference between the \$2.39 average and that \$1.60 average would make another \$153 million. That makes, on the Canada-United Kingdom Agreement and our own domestic market in Canada, a total loss of \$483 million. And in addition, there is this fourth year to be added. According to the figures on page 9, is that correct?—A. I do not think the report says that.

Q. You think it does not go that far?—A. It merely gives the sales figures and I presume you are expressing your own opinions in the matter.

Q. The figures I used are correct, are they not?—A. I am only dealing with the report as the report is written. I do not think I should comment on opinions which you have expressed with regard to losses.

Q. I have used figures in that report, anyway, and that is the situation.

I point it out because we have many arguments about what those losses might run to. I think the chairman said yesterday, quite frankly, when I asked for his opinion on what the world price was: "that he had no idea". In the face of that you can see how we get into all these arguments. I am sorry that the minister is not here today.

THE CHAIRMAN: I think you meant the minister when you said "the chairman"?

Mr. Ross: I meant the chairman of the Canadian Wheat Board—not you, but the chairman of the Canadian Wheat Board. Then the minister followed and said that he had had nothing to do with the agreement. You will recall that the then Minister of Trade and Commerce, when he announced the agreement to the House of Commons, said that it was brought about due to the sacrifice of the farmers, and that they had made it possible to enter into the Canada-United Kingdom Wheat Agreement on that basis. He is quoted in Hansard. The reference is to Hansard of July 25, 1946, and again to July 30, 1946, at page 4037. There the Hon. Mr. MacKinnon the previous minister pointed out the sacrifices made by the farmers.

The same basis has continued right up to date. I am not arguing about it. I want to use those figures in there because other people such as the statisticians in Winnipeg have attempted to point out different losses on the American market. I am basing this on one class, class 2 wheat. The chairman of the Wheat Board, I think, made a statement yesterday that while Chicago cash wheat and Winnipeg cash wheat may be quoted at almost parallel, nevertheless they used a formula based on cash wheat in Chicago plus certain premiums, transportation, and other factors to arrive at our price of class 2 wheat basis sea board today; and that compared with the cost of United States wheat basis sea board today there was about 35 cents difference, and that we were selling wheat today at about 35 cents a bushel less than the United States. And I thought he stated their method of creating sales today was to under-sell the United States market on that basis. So if you figure out losses again on that basis adding the 35 cents difference, you will get at a very much greater loss which the farmers have taken. I want to make that point clear because it depends on what you make your comparisons with when you come to find what the farmers have lost.

I do not disagree with the chairman of the Wheat Board when he admits that he did not know exactly what the clause meant, or was supposed to mean at that time, or what the term "world price today" means. On the face of that I think that the Minister of Agriculture who negotiated the agreement at the time should appear before this committee to tell us what he had in mind when he inserted that clause. He must have had some idea. He told us in the House of Commons that it was put in so that a wheat farmer-producer would not take a loss over this period. He thought that the price of wheat would be very much lower by this time. I would like to have the Minister of Agriculture appear and explain to us what he had in mind when he had that clause put in there and what he thought it should imply.

Yesterday when we were discussing the matter of the deficit which is shown on page 8 at some \$5,235,621, we got into a bit of altercation with the comptroller. This was with respect to page 8. And further on there was an exhibit I, in connection with the liability to the banks for accrued interest, if I followed it correctly. It is difficult to remember all these statements now when the record is not yet printed. But he pointed out, I think, that they were able to make that 20 cents during the spring of 1949 on the transfer of funds from coarse grain, such as flax, from the flax account.—A. From flax.

Q. Yes. And in the discussion the comptroller pointed out to us that there is no account of that transaction in this report. That makes it difficult for

us to follow it through; consequently there might be a misconception of the whole transaction, when it was not reported in this report. However, I think they did explain it to us yesterday. Am I clear in my understanding that the entire balance of the fund required was taken out of the flax account? Is that right?—A. That is right.

Q. We can ask questions about it later on. But could I ask you this question now: How much money was required out of the flx account and from any other source in order to make that payment? I asked the chairman of the Board yesterday. I did not expect him to be able to answer me because it would be unfair—It is a matter of government policy of course—but I asked him if he could estimate what the farmers might expect at the end of this year in the way of final payment. He did not like to answer and I do not blame him in his position. But I might be able to estimate it myself. I have estimated it on the basis of this report. I think it would be between 5 cents and 6 cents a bushel. But that would not be the case with the further evidence we received which was not in this report. How much was taken out of the flax account? How much was borrowed from the bank? What is the total deficit, therefore, in 1949 in order to make that payment? It will have to be made good out of the sales of this present year's crop before that is prorated for distribution over the entire pool.—A. Could you answer that question, Mr. Earl?

Mr. EARL: I would like to point out, Mr. Chairman, that the money was not taken out of the flax account. It was originally loaned from the wheat account.

Mr. ROSS: For flax?

Mr. EARL: For flax, to finance flax operations on behalf of the Government of Canada.

Mr. ROSS: It was originally Wheat Board money?

Mr. EARL: That is correct. It was Wheat Board money; and when the Board was directed to handle flax on behalf of the government, instead of the government advancing the funds for it, the Wheat Board was asked to do it with their available funds. Therefore, we loaned flax account available surplus funds which we had on hand and we charged bank rates of interest. Those funds would be loaned from time to time as the amounts were received, and as long as the wheat account had available funds to loan. But when the time came to make payments, what happened was that we took back the wheat funds which we had loaned and transferred the borrowings to the banks for the account of the flax. And that is the situation as it stands at the moment. It is shown on exhibit II. The total amount due in respect to the transaction is \$24,732,765.78.

Mr. ROSS: Where is it on this page?

Mr. EARL: It is column 3, sir. I am sorry.

The WITNESS: It is at the bottom of column 3.

Mr. EARL: On exhibit 2, the very last figure before the total.

Mr. ROSS: Oh, yes.

Mr. EARL: The total amount of money owing at this time by the government is \$24,732,765.78.

Mr. ARGUE: That is not shown in exhibit I.

Mr. EARL: No, it is not.

Mr. ROSS: On page 8, with respect to this deficit of the five-year pool, that figure of \$5,235,621.37, that is all that you have to make up out of this year's sales before you distribute the balance of the revenue over the pool?

Mr. EARL: That is correct.

Mr. ARGUE: Then, in addition to that you will have the \$24 million?

Mr. EARL: No.

Mr. ARGUE: Then it is a deficit on the wheat account, an actual deficit of a little over \$5 million at July 31?

Mr. EARL: As to the deficit in the wheat account, that is right.

Mr. ARGUE: And that is the deficit. Then, beyond that would not that \$24 million be credited against that deficit?

Mr. EARL: No, not as an operating deficit. That would be credited against the borrowing from the bank.

Mr. EARL: No, not as an operating deficit. That would be credited against the borrowing from the bank.

Mr. ARGUE: And as far as the farmer is concerned, just for my own clarification, say there is \$25 million surplus on the present year. Then, with respect to that \$25 million surplus you would have to deduct from that the \$5 million deficit and then you would have \$20 million to pay out?

Mr. EARL: No, that is not correct. The situation is this, that if the Wheat Board had no other operations than wheat—in other words, assume for a moment that they only handled wheat and the government had paid the amount of money which shows in the borrowings, the situation would be this, that this statement would show approximately \$1,500,000 in the bank and a deficit of \$5 million in the pool.

Mr. ARGUE: That is a net deficit in the pool of \$3,500,000?

Mr. EARL: No.

Mr. ARGUE: I am not an accountant, as you can see.

Mr. EARL: The confusion is this, that the situation on the financing has no bearing on the results of your operations. I am putting it back now on the terms of wheat alone, and putting a cash position on wheat, as if we had never gone through the transaction of financing the flax.

Mr. ARGUE: Yes?

Mr. EARL: In other words, assume that the government had paid for the flax financing at the commencement of the operation. This situation would never have developed, there would be no bank loan figures and we would be showing roughly \$1,500,000 in the bank as cash money.

Mr. ARGUE: As a surplus?

Mr. EARL: Cash only, but we would still be showing a deficit of \$5 million.

Mr. ARGUE: Well, if the pool period had wound up July 31 of last year, what position would the farmer have been in there, as far as other payments were concerned?

Mr. EARL: He would receive nothing. There would still be the deficit of \$5 million, which will be met by subsequent operations of the pool during the current crop year.

Mr. ARGUE: All wheat?

Mr. EARL: Yes.

Mr. ROSS: To come back to our argument on Exhibit 2, this amount of \$24,732,765.78 due to and from other board accounts, does that apply to the wheat?

Mr. EARL: That is correct, the \$24 million.

Mr. ROSS: Well, that gives an entirely different picture, if that is right then, because instead of having this deficit of \$5,235,621.30 to make up in this year's sales, you will have this \$24 million less that deficit as a balance to spread over the full period?

Mr. ARGUE: He said no.

Mr. ROSS: But if I follow his statement through and it is on wheat only—let us take Exhibit 2—

Mr. ARGUE: Exhibit 1.

Mr. ROSS: No, it is in Exhibit 2; it does not appear in Exhibit 1. It says: "Amount due to and from other board accounts," and I understood Mr. Earl to say that that was originally Wheat Board money loaned to finance crops.

Mr. EARL: Might I just point out for a minute, sir, that the money so obtained by borrowings—was borrowed from the wheat account for the flax. Then the wheat account required the money back, so it became necessary to borrow it from the bank for the account of flax operations. If the \$24 million was paid to the wheat account it would simply be used to liquidate the bank loan.

Mr. WRIGHT: \$23,799,000?

Mr. EARL: That is correct.

Mr. ROSS: All that you borrowed from the bank to finance wheat?

Mr. EARL: We borrowed from the bank to finance flax.

Mr. ROSS: I am sorry, I do not follow that through. I am right in assuming that that amount of money was first of all taken out of the wheat account?

Mr. EARL: That is right.

Mr. ROSS: It applies to the wheat account no matter what you did with it?

Mr. EARL: That is right.

Mr. ROSS: Then, in the final analysis, that must go back to the wheat account?

Mr. EARL: That is correct.

Mr. ROSS: Is it not right, then, to follow that through, to assume that we have that for distribution over the entire pool less the deficit shown in Exhibit 8?

Mr. EARL: No, sir, you are confusing your cash position with your operating position. It goes back to my original illustration that if the Wheat Board operations had been confined to wheat only there would be no bank borrowings. There would be no inter-crop debts from flax to wheat and the situation would be that we would then show on this statement cash on deposit with banks, the difference between that \$24 million and your outstanding bank loans. That is what would be shown—cash on deposit, but it would have no bearing on your operating deficit.

Mr. ARGUE: In other words, going back to Exhibit 1, you would have reduced your liabilities by \$20 million-odd, and you would have reduced your assets on the other side somewhere by the same amount, because then the flax account would not be financing through the wheat account?

Mr. EARL: That is right.

Mr. ARGUE: So you would reduce your liabilities and reduce your assets and the net deficit would be roughly the same?

Mr. EARL: That is correct.

Mr. ROSS: I always have had difficulties with bankers. They have been a problem of mine all my life. I would like to get it clear, if you can tell me in simple terms, what amount of money we will either have to add to this year's sales for distribution or if we do have anything to add or a deficit; in simple terms how much have we to add to this year's figures, or how much are we short—which way is it and how much?

Mr. EARL: Your final surplus for distribution will be the results of your sales of this year's crop less than \$5 million.

Mr. ROSS: That is the total?

Mr. EARL: Yes.

Mr. ROSS: My first assumption, then, was alright?

The CHAIRMAN: Now, may I ask Mr. Earl this—

Mr. FAIR: That would be this year's crop plus the carryover for last year, less the \$5 million deficit?

Mr. EARL: That is right. The inventories must be liquidated as well. They will be sold together with this year's production.

Mr. BRYCE: How do you deal with interest? You pay it with your own money?

Mr. EARL: We charge it through the bank to the wheat account and ultimately against the flax account.

Mr. BRYCE: Well, you are paying it yourself and you are charging yourself?

Mr. EARL: That is right, but we must distinguish between the accounts. That money belongs to the producers and if the producers are going to lend money—

Mr. ARGUE: That is, the producers? That has nothing to do with flax?

Mr. EARL: Yes.

Mr. FAIR: I think it might be good to clear up a point in the minds of all of the people, particularly in other parts of Canada than the western prairie provinces. Out there we know we have taken a loss on wheat on account of government policy, and a lot of people in other parts of Canada do not realize that, and I wish they would. They are also placing this loss against the management of the Wheat Board. I think nothing could be further from the truth, because this British wheat agreement was a deal between the British government and the Canadian government and when you see the actual operations of the Wheat Board, then you see the price obtained for class II wheat which is sold directly by the Wheat Board. That I think, is not understood by a whole lot of people and they are deliberately or otherwise trying to charge against the Wheat Board the losses we sustain on most of the wheat sold by agreement between the two countries.

Mr. ROSS: Mr. Fair, your point is this, that that was definitely a matter of government policy.

Mr. FAIR: It was a matter of policy between the governments and the board has nothing to do with it. The price we get for our class II wheat—I do not care whether you sell it at Chicago prices or Winnipeg prices or anything else—it is a good price that we get.

Mr. QUELCH: And the same thing applies to subsidizing the consumer.

Mr. ROSS: It was applied to some contracts.

Mr. BRYCE: What rate of interest do you charge?

Mr. EARL: We charge 3 per cent—the bank rate.

Mr. HETLAND: Could I ask about the assets on Exhibit 1? You show assets of \$149 million; would that have any bearing on the wheat that is unsold?

Mr. EARL: The wheat that is unsold forms part of that. That is \$132 million, the second item, or—pardon me, \$93,200,000 is the value of your wheat unsold.

Mr. ROSS: That is a carryover from last year?

Mr. EARL: That is right.

Mr. HETLAND: That is approximate, is it not?

Mr. EARL: It is valued to the best of our ability at the time. It is valued at \$2 a bushel.

Mr. HETLAND: You might have to take less?

Mr. EARL: No, actually we cannot take less than that, sir; we took more by some \$465,000.

Mr. HETLAND: It does not show on your last 20-cent payment in the balance sheet what is due on that \$23 million.

Mr. EARL: Yes, sir, on the right-hand side in liabilities under the fourth heading down, "Amount due to producers on outstanding certificates and cheques"—"Balance of wheat adjustment payments on producers' deliveries from 1st August, 1945, to 31st March, 1949, \$23,464,971.69." That is what still has to be paid in respect of adjustment payments of the pool.

Mr. HETLAND: To the farmer?

Mr. EARL: That is correct.

Mr. HETLAND: It does not matter where this \$5 million goes at all, the producers will still have \$23 million coming?

Mr. EARL: That is right.

Mr. WRIGHT: That is due on the other years' payments?

Mr. EARL: Yes, on the 1945-49 Past Account.

The CHAIRMAN: Any other questions before we start on page 12?

By Mr. Argue:

Q. Before we start on oats and barley, I wonder—I might be wrong—but we know at some time, two or three years ago, our class II wheat had a premium over American wheat—A. Yes, for a short period of time.

Q. How much was the highest amount that our wheat ever sold for, over and above American wheat?—A. I think we have that information. I will look it up for you.

Q. Then, a question following that one—why the change? Why two or three years ago was our class II wheat being sold at a premium and why today is it being sold at a price lower than American prices?—A. Well, we have wheat to sell and we are selling it under a very considerable handicap. The Americans are providing wheat—I use the word "providing" because I think that is the correct word—for Germany and Japan and Korea, which are areas of their responsibility, and for other areas of responsibility. That wheat, in many instances, is bought by the American army from the Commodity Credit Corporation. Of the internal arrangements existing in Germany, Japan and Korea, I do not know.

We have wheat to sell and we are selling it at the best price we can get, but, unfortunately, it is not as high as the American price. However, we are trying to get into these markets with this wheat and hold our position in the world export trade.

Q. I do not want to leave the impression that I am criticizing the board for having done that.—A. Well, that is the reason.

Q. The reason is that the Americans have become more competitive for the reasons you have given.—A. Now, I will give you an example of the type of competition that we have been up against in regard to the sale of wheat. We offered three cargoes of wheat to a prominent buyer, and American wheat was sold to that buyer at 46 cents a bushel higher than Canadian wheat, and it was class II wheat.

Now, nobody is going to pay 46 cents a bushel higher if they have to put cash on the line. That is reasonable to assume.

Q. I have just one more question. Is the trend would you say such that Canada or the Board will perhaps have to further reduce the price in order to compete with the Americans—with the reduction of Marshall Aid and so on? Is it becoming more difficult to sell Canadian wheat?—A. I wonder if I should answer that question. We have wheat to sell.

Q. If you do not care to answer I certainly will not press it.—A. Whatever statements I make here are repeated in the press and I do not think it is fair.

Q. Well, you are digging up figures—if you can get the trend from the time the premium was charged until the last day of this report I would appreciate it?—A. Well, we will do that.

Mr. ROSS: When we were selling wheat to the British in 1947 under the contract at \$1.55 I have a note that class 2 wheat on November 28, 1947—this is Canadian class 2 wheat—reached a figure of \$3.45. I think that is on a basis of No. 1 Fort William. So the trend was very different in those years.

The WITNESS: There was a very different supply picture.

Mr. ARGUE: The American price would be much higher at that time.

Mr. ROSS: But you see the contrast between the contract \$1.55 and class 2 wheat at \$3.45.

The WITNESS: We have moved from a position where we used to sit down in Washington—and I was the chairman of the committee that dealt with this—and we were constantly under pressure from buying countries to try and increase their quotas of wheat—wheat they needed badly. Our job was to try and distribute it fairly among a lot of countries which needed it. Gradually, however, the European production has come up and today buyers are considerably more choosy. Since that time we have definitely had a change in the trend. When I think of all the circumstances we have had pretty satisfactory results from the sale of our wheat. As I mentioned yesterday we have been able to get markets which are ordinarily not our traditional markets; we have had to do so. I am not too concerned about the situation at the moment. What will happen in another crop year depends upon what we grow and what we have to sell.

Mr. WRIGHT: And what the other fellow has to sell.

By Mr. Argue:

Q. I was going to ask this question yesterday but I did not get the opportunity. Do you find that the U.S.S.R. and the Danubian countries are getting into the wheat picture? Do you find evidence of increased competition from them?—A. The information that we get on wheat in regard to the U.S.S.R. is just about as obscure as information which is obtained on other subjects. We do find they are moving occasionally into markets. They are making barter deals—deals in which they make exchanges for machinery but it is a sort of in and out proposition. We find they move in and perhaps nothing happens or we find that they have made a deal. It is awfully hard to trace just what they are doing in regard to sales.

Q. Their exports at the present time are not very large? They are not enormous?—A. Well they are not, compared with the old figures of prewar but they are always an uncertain quantity.

Mr. BRYCE: There was a tremendous amount of wheat came out of the Black Sea ports in the old days. Now, under UNRRA we have supplied them with machinery and they can produce more wheat than ever before. We cannot get away from that.

By Mr. Mackenzie:

Q. Is it not true that Russia supplied Britain with enormous quantities of coarse grain?—A. That is right.

Q. And also some wheat?—A. I had not heard about the wheat.

Q. But very large quantities of coarse grain?—

By Mr. Quelch:

Q. Would you say the world production of wheat has reached a position where it is starting to exceed the actual needs of the world, or is it rather a question of the production of wheat now exceeding the ability of nations to finance that wheat?—A. I think the latter is correct. I think if we would get paid for it that it would not be much of a job to sell the wheat but the question of payment comes up in almost every deal that is made other than with a limited number of buyers.

Q. The only reason we have difficulty competing with the U.S.A. is the fact that they are making special arrangements for nations to obtain their wheat without having to pay cash on the line?—A. That is our chief problem.

By Mr. Hetland:

Q. Is there a danger of putting the price of wheat down too low so that we will get in dutch with the United States markets? If we have a tendency to get down below them to sell then it is liable to backfire?—A. I do not want to speak for the United States but I think they realize we have got to sell our wheat; I think they appreciate our position. I think they realize that we only have a price instrument that we can use in regard to a lot of these sales—that is that we have to sell at less than the price which they are getting from those areas that we have talked about; and so far I think our relationship with the United States has been on a most satisfactory basis in regard to our wheat sales.

Q. I was quite interested in hearing that you are selling wheat in some places in the United States at 35 cents—in U.S. markets—A. Not in the United States.

Mr. Ross: It is a formula worked out to get the price down that much below the others?

The WITNESS: I must say that all of this discussion will perhaps make it a little more difficult to sell wheat.

The CHAIRMAN: I am beginning to worry about that.

The WITNESS: I do not mind answering the questions but after all we have wheat to sell and we do not wish to lead with all the aces we have.

By Mr. Wright:

Q. I think it would be a fair observation to make that if the United States had actually gone out to push their surplus wheat on the world market it would have been much more difficult for Canadian wheat to be marketed?—A. Quite correct.

Q. I think the United States have more or less played the game with us in a difficult situation—the situation that existed a year or two years ago and over the last two years?—A. I quite agree with that.

Q. I think that observation should be made.—A. I hope that nothing I have said here will be construed as a criticism of the United States. I am merely trying to answer.

Q. I do not think that anything you have said can be so construed but I just wished to make the observation. I am sure it is true that if the United States had deliberately tried to go out and take the world market when they

had 500 million or a billion bushels of wheat, and when they had an unlimited credit to make available to other countries, it would have been very difficult for Canada to market wheat?—A. The only point is that they paid very high prices for the wheat and of course the lower they sell the bigger the deficit they would have. They are pretty hard headed and are naturally interested in getting the best price they can?

Q. I made that observation yesterday. It is a matter of internal policy of the United States as to whether they wish to show a deficit outside in gifts to other countries or in their own home stabilization policy and in setting their scores in the United States. I would suggest from observation that they prefer to show losses on activities in other countries rather than loose in the stabilization policy at home, and therefore they have been paying fairly high prices.

Mr. ROSS: When the United States made funds available to Britain under the Marshall Aid plan to buy our wheat they were more than generous to us and we should be very grateful.

The WITNESS: Quite right.

Mr. QUELCH: The chairman of the Wheat Board has stated that it is not so much a real surplus of wheat in so far as the needs of the people of the world are concerned, but it is a question of finance. It is you might say the responsibility of the F.A.O. to provide ways and means of distributing wheat to the people that need it. The F.A.O. did bring down a suggestion for an international clearing house but the suggestion was turned down. Was the Wheat Board consulted in regard to Canada becoming a party to an international clearing house?

The WITNESS: No, we were not.

Mr. JUTRAS: Although it is quite possibly true to say that it is highly a question of finance, still it is not only a question of finance. If those countries are enabled to buy wheat, when they have not got the money to buy it, the reason for them not having the money is primarily because they have not sufficient production of their own to obtain dollars to buy with. In the final analysis it comes down to a question of production.

Mr. QUELCH: Yes but not merely that question. We were told that people were not prepared to buy the goods that we were able to sell, and the Minister of Finance therefore advocated a system of barter of our goods for their goods.

Mr. JUTRAS: I do not want to get into an argument on that point. The Minister of Finance did suggest certain things to the industrial people of the country but he did not advocate a general policy. If you had a general policy you would fall into the same difficulty. The difficulty is those people produce very little, and for a very little amount of goods they wish to receive a large quantity of wheat. No matter what kind of financing you advise you will never get enough dollars from a small quantity of goods to purchase a large quantity of wheat. The only alternative or the only solution is to get the country concerned to produce large quantities of goods to exchange them for large quantities of wheat. The question of production has been demonstrated over and over. If industrial production is low the standard of living is also very low.

The point I am trying to make is that it is putting the question a little too simply to say that it is just a matter of finance, and that if you could just get together you could make the finances available. If other countries have not got the goods to exchange for wheat they cannot get the wheat unless we give it to them.

Mr. QUELCH: I would agree with that but never let us forget that we have set up various international organizations and the basis for setting up those organizations has been that never again will we tolerate the position where goods are destroyed or production is reduced while those goods or that

production is needed in the world. However, once again we are faced with that situation. The chairman has pointed out that actually there is not a surplus of wheat. It is needed, but it is merely a question of the international organizations not yet being able to evolve ways and means whereby wheat production can be used as needed.

Mr. JUTRAS: In fairness to the international organizations there is one that is now under way, the technical assistance program, which is really hitting at the core of the situation. It may well solve the problem—and that is the purpose of that organization.

Mr. QUELCH: F. A. O. was supposed to solve it but the nations were not prepared to accept the recommendation put forward by F. A. O.

The CHAIRMAN: I think we had better get back to this report.

Mr. FAIR: I have just one remark to make. As Mr. Jutras suggested where these countries are not producing too much, we are trying to get them to produce more. Perhaps they cannot produce their goods and trade them at a price that is economical and in that way we may well discourage them. That is what happens to us in the west and in other parts of Canada; we cannot produce certain commodities because we cannot trade them economically.

Mr. JUTRAS: That is not really the problem but let us not go into this any further.

Mr. MACKENZIE: What about the Japanese shirt production?

The CHAIRMAN: Let us get back to the report. Are there any more questions before we go on to page 12?

Mr. CHARLTON: Yesterday I asked the total loss taken by the Wheat Board from the years of its inception until 1949. I wonder if that total figure could be given this morning.

Mr. EARL: No, sir; we do not as yet have that figure but we will obtain it.

Mr. CHARLTON: Will you get me then, in so far as the eastern division is concerned in those years when you bought wheat in the east, figures as to whether there was a surplus or a loss?

The WITNESS: 1939 and 1940 were the two years we handled the producer business, and there was a surplus.

By Mr. Charlton:

Q. In the east? You handled it up until 1947?—A. No, may I interject there that in 1939 and 1940 we operated as a board. We took delivery of wheat from producers and sold it but that was ended in the crop year 1940. After that I think you are referring, Mr. Charlton, to the ceiling operations plus certain bonuses paid in Ontario. There was a difference in the mechanics.

Q. Was that not operated through the Wheat Board?—A. That was operated through the Wheat Board but the wheat was sold to the dealers and not to the board.

Q. At a ceiling price set by the Board?—A. At a ceiling price set by the government.

Q. By the government?—A. Yes. Presumably by the Wartime Price and Trade Board which was operating at that time. We had a system whereby we recovered on the flour exports certain moneys which were in the first year, as I recall it, paid after the marketings had been wound up. The next year there were two forms of payment as I recall it. One was a straight 5 cent subsidy payment and the other was an advance payment in lieu of flour export, and that was I think a cent.

Q. I think there was a 3 cent one, a 5 cent one, and an 8 cent one?—A. We can get those figures. We probably have them here. Here is a review of the Ontario wheat operations. May I read it, Mr. Chairman?

Some MEMBERS: Yes.

The WITNESS: This is contained in our report for the year 1946-47.

Ontario Winter Wheat.

From August 1st, 1939 to July 31st, 1944 Board operations in Canada Eastern Winter Wheat were governed by the terms of the Canadian Wheat Board Act, 1935.

In the crop year 1941-42 the Board was relieved of the responsibility of purchasing Canada Eastern Winter Wheat unless the market price fell to support levels. This policy continued through the crop years 1942-43 and 1943-44.

Changed circumstances brought about a new Government policy with respect to Ontario Winter Wheat in the crop year 1944-45, the main features of which were:—

- (1) The Board was exempted from its obligations under Section 14 of the Canadian Wheat Board Act;

- (2) The Board was charged with maintaining a floor price of \$1.25 per bushel for top grades of Canada Eastern Winter Wheat, basis deliver Montreal;

- (3) The Ontario Wheat Equalization Fund was established and it became the responsibility of the Board to assess equalization fees against Ontario wheat and wheat products sold for export.

The Board did not have to purchase wheat in support of floor prices on Ontario wheat, but fees collected in connection with the Equalization Fund resulted in a surplus of \$188,226.09 which was distributed to producers.

The 1944-45 Ontario wheat policy was continued in the crop year 1945-46. Again no action was necessary by the Board in support of floor prices. The Equalization Fund amounted to \$262,114.91 and was distributed to producers.

Government policy with respect to Ontario Winter Wheat during the crop year 1946-47 included several major changes, and was as follows:—

- (1) The Board was charged with the responsibility of maintaining a floor price of \$1.25 per bushel for No. 1 Canada Eastern Winter Wheat basis delivered Montreal;

- (2) The maximum price of \$1.26 per bushel for Canada Eastern Winter Wheat basis delivered Montreal, established in 1941 was continued;

- (3) Equalization fees on exports of Ontario Winter Wheat and wheat flour were continued;

- (4) The Board was directed to administer a Treasury payment of 9 cents per bushel over and above the maximum price for deliveries on Ontario Winter Wheat;

- (5) The Board was directed to administer the payment to producers, at time of delivery, of a fixed and final equalization payment of 5 cents per bushel.

In administering this program the Board received the full co-operation of the private trade in Ontario. Grain dealers and millers became the agents of the Board in distributing the 5 cent equalization payment and the 9 cent Treasury payment. They made both payments

to producers at the time of delivery and were later reimbursed by the Board. Wheat equalization payments amounted to \$207,336.23 and Treasury payments amounted to \$373,207.11 on total reported marketings of 4,146,738 bushels.

Equalization fees collected on Ontario wheat and flour exported during the crop year amounted to \$290,134.82, and exceeded equalization payments to producers by \$82,798.59, which amount was credited to the Dominion Government. The net cost of the 1946-47 Ontario wheat operation to the Dominion Government, including the Treasury payment and administrative and other expenses, was \$309,025.52. Financial details concerning the Board's Canada Eastern Winter Wheat operation are set forth in Exhibits VIII and IX of this Report.

Q. Just in that connection, the last paragraph in part reads "—and exceeded equalization payments to producers by \$82,798.59, which amount was credited to the Dominion Government." That was money collected through flour sold and in excess of the amount paid to us?—A. In excess of the estimated payment which was made at the start of the year. The fund actually realized a profit of \$82,798.59.

Q. Which was not distributed to the producers?—A. No.

Q. That went back into the Dominion Government fund?—A. It applied against the net cost of the operation; it reduced the amount of the fund that was paid out by the government.

Q. That just bears out what I asked previously and apparently the Wheat Board only handled this directly from 1939 to 1941. I think it would be good if the comptroller could give me the loss or profit on the Wheat Board operations in eastern Canada during those two years?

By Mr. Quelch:

Q. I have just one question. Have you received any protests from any nations regarding Red Bobs wheat being sold as No. 1?—A. No, I do not think so. There has been some criticism of the quality of wheat—especially at Vancouver—as compared with the quality at the eastern seaboard and I presume there is a considerable quantity of Red Bobs in Vancouver. They did not specify a complaint against Red Bobs although they complained of the quality of Vancouver wheat as compared with eastern shipments.

Q. I think Alberta is very interested in the question of Red Bobs being graded down to No. 3. It is one of the most popular wheats in our area and I thought there had been protest from nations importing Red Bobs which had been graded as No. 1?—A. I think that question should be directed to the Board of Grain Commissioners; I would not know anything about that.

Q. At Vancouver they are grading wheat more heavily than down east. I understand they allow a smaller percentage of cracked wheat in Vancouver than in the east?—A. That is also the responsibility of the Board of Grain Commissioners.

By Mr. Argue:

Q. I wonder if the figures are available on that premium wheat? I refer to Canadian wheat sold above American wheat?—A. We will get that for you.

Q. On page 10 you show unclaimed producers' certificates. I wonder if there were a considerable number of outstanding cheques—cheques that had been mailed to producers and which the producers had not cashed?—A. We have enlisted the services of the press on all of the cheques which had not been cashed and which we presumed to be lost. Both Winnipeg papers, the *Prairie Farmer*, and the *Weekly Free Press*, carried the names by districts of all men entitled, and we have been successful in getting a lot of applications for new cheques.

Q. They can now apply for new cheques?—A. Oh, yes—if they can prove the cheque has been lost they certainly are entitled to the money and we will certainly pay them.

Q. You will get most of them in?—A. Yes.

The CHAIRMAN: Are we ready to go to page 12?

The WITNESS: Mr. Chairman, it might be interesting if we gave you the figures up to date of the amounts of the unclaimed balances. These figures are, as you know, as at the 31st of July and there has been a big improvement in the situation since.

Mr. Ross: I would like to get them.

By Mr. Quelch:

Q. How long will the unpaid balances be held? What will be the final disposition of the unpaid balances?—A. I presume that we will have to hold them until such time as we have proved beyond any doubt that there is nobody to claim the money. The money belongs to those people and we must continue to hold the cheques and try to keep on reducing the amounts. We have been very successful in doing that lately.

Q. There is no time limit?—A. No.

Mr. WRIGHT: It would come in the same classification as an unpaid bank balance. Banks have to carry the amounts for a certain number of years; until there is a federal law passed to take care of it, it must be kept.

Mr. DAVIDSON: At the end of July, 1949, the producers held outstanding certificates on crops, where payments had been authorized, covering about 68 million bushels with a value of \$15,267,000. That is the position as at the end of last July.

Mr. ARGUE: Does that include uncashed cheques?

Mr. DAVIDSON: No, those were just outstanding P.C.'s where producers have not sent them in and surrendered them for payment.

Mr. ARGUE: Would you have the figures for outstanding cheques?

Mr. DAVIDSON: We have them at the end of July.

Mr. ROSS: What page is this to be found on?

The WITNESS: This is a special document.

Mr. ARGUE: Did the advertisements in the papers include reference to outstanding cheques that had not been cashed?

The WITNESS: Just outstanding cheques—we thought we would like to try to clean those up first. Our next effort will be to try to get in the certificates by publishing the names of those who have not sent in certificates.

By Mr. Argue:

Q. The papers do that for the Board as a public service?—A. They are very pleased to do it.

Q. It increases their circulation?

Mr. DAVIDSON: As at the end of May 1950 outstanding P.C.'s authorized payments covering 20,845,000 bushels at a value of \$4,993,000. It has been reduced from roughly \$15 million down to \$5 million in the last eight or nine months.

Mr. CHARLTON: There are still \$23 million out in cheques.

Mr. EARL: At the end of July outstanding cheques totalled \$10,291,479.38.

Mr. CHARLTON: That is at the end of July last year?

Mr. EARL: Yes, that is right. We will obtain the current figure for you in time for the hearings here.

Mr. JUTRAS: Did you figure the average domestic price for the crop year 1946-47?

Mr. EARL: As I remember the question you wished a split on the 1946 crop year and the price applicable?

Mr. JUTRAS: For the year 1946-47 where there is an overlap.

Mr. EARL: On the crop year 1946-47 the Board sold at \$1.25 per bushel, basis No. 1 northern, domestic, 37,825,726 bushels and 15 pounds. During the same crop year the domestic sales on the basis of \$1.55 for No. 1 northern were 37,628,279 bushels and 47 pounds; making a total of 75,454,006 bushels and 2 pounds.

Mr. HETLAND: Is Mr. McIvor going to make a statement on oats?

The CHAIRMAN: Are we ready now to take page 12? If so, I think we will ask Mr. McIvor to start on page 12.

The WITNESS:

Oats and Barley

(a) Minimum Prices

In 1948-49 the Board was empowered to buy Winnipeg oats futures or cash oats at a price per bushel which would assure that producers in Western Canada would be continuously offered 61½ cents per bushel basis No. 1 Feed Oats in store Fort William or Port Arthur.

The price was 90 cents per bushel for No. 1 feed barley.

That was not a Board operation in the same sense as the Board operation today. The Board was being used to provide a floor price on oats and barley. We comment: "Since the market prices for oats and barley remained above the floor prices for the entire crop year, the Board did not purchase oats or barley pursuant to the foregoing minimum prices".

The next item is the question of the equalization funds. In 1948-49 the Board distributed to producers the proceeds of the 1947-48 Oats and Barley Equalization Funds. Out of the 1947 funds the Board distributed \$4,269,706.84 on oats and on barley \$4,402,527.75.

Now, I think most of you will remember that during the time that there was a ceiling on the price of oats and barley in this country the Board instituted a system to recapture the profits on exports. That is anyone who was permitted to export oats or barley had to pay to the Board the difference between the current price and the ceiling price. That resulted in the establishment of what is known as the equalization fund which we paid out over the years, and this is the final windup of the operation. The ceiling came off and there was no need any longer for having that kind of fund.

Mr. WRIGHT: Can the Board give us the number of bushels of oats and barley that were exported during those years and the number of bushels sold on the home market?

The WITNESS: We can get that; we have not got it here but we can make a note.

The CHAIRMAN: I think perhaps we will let Mr. McIvor carry on to the end of Part II and then we will have a question period.

The WITNESS: The next paragraph deals with the future policy. There was an important announcement made by the Right Honourable C. D. Howe on the 15th of March 1949 when he announced that the Canadian Wheat Board would support the price of western oats at 61½ cents, and barley at 90 cents. He also announced on July 20th, that Parts III and IV of the Canadian Wheat Board Act which applied to oats and barley would be brought into force for the

crop year commencing August 1, 1949, and ending on July 31, 1950. Then the statement outlined the conditions which would have to apply if those parts were brought into force.

Then going on, with regard to flaxseed, during the period from 1942-43 to 1946-47 the Board was the sole agency for the purchase of flaxseed from the producers. During those years the Board purchased flaxseed from producers at a fixed and final price with surpluses and deficits for the accounts of the government of Canada.

In 1947-48 the flaxseed program was based upon the provisions of the Canadian Wheat Board Act and minimum price regulations. Effective August 1, 1974 the Board was empowered to purchase flaxseed at \$5 per bushel (later increased to \$5.50 per bushel). At the same time the Wartime Price and Trade Board established a domestic ceiling of \$5 per bushel—that is No. 1 Canada western flaxseed. Similar support prices and ceiling prices were established for Canada eastern flaxseed.

The effect of the maximum price established by the Wartime Prices and Trade Board was to direct virtually all producers' marketings of commercial flaxseed to the Board during 1947-48. In 1947-48 provision was made for the distribution of any surplus on Board operations to producers delivering flaxseed during the crop year. As outlined in the Annual Report of the Board for 1947-48, this operation resulted in a substantial deficit.

On March 23, 1948, the Right Honourable C. D. Howe announced that the Wartime Prices and Trade Board ceiling prices for flaxseed would be removed effective August 1, 1948. He also announced that in 1948-49 the Board would support the price of flaxseed at \$4.00 per bushel for No. 1 Canada Western Flaxseed in store Fort William/Port Arthur with Canada Eastern Flaxseed supported at the same level basis in store Montreal.

With the removal of the price ceiling effective August 1, 1948, an open market operation was possible with the Board providing a floor price of \$4.00 per bushel—

Later in that section we set up the authority of the board for these operations.

Then in the next paragraph we dealt with the supplies and disposition:

While 1948 flaxseed acreage was well below the peak reached during the war, high yields per acre resulted in a crop of 17.7 million bushels, as compared with 12.2 million bushels in 1947.

The commercial supply in 1948-49 was the largest in recent years. On July 31, 1948 the carryover of commercial stocks of flaxseed was 3.1 million bushels. During the crop year producers marketed 15.8 million bushels of flaxseed. Total commercial supplies, therefore, amounted to 18.9 million bushels. Of this supply 4.4 million bushels were exported as seed and 3.9 million bushels were used in Canada or exported in the form of oil. Commercial carryover on July 31, 1949 was 10.5 million bushels. Less than one-half of available supplies were disposed of in Canada and abroad during the crop year.

During 1948-49 the United States and the Argentine had substantial surpluses of flaxseed and/or linseed oil. The United States continued their embargo on imports of flaxseed and linseed oil.

1948-49 FLAXSEED OPERATION

Commencing on August 14, 1948 the Winnipeg Grain Exchange provided facilities for trading in flaxseed futures. On that date the November future was quoted at \$4.55 per bushel and the closing cash price was \$4.50 per bushel—

The section shows the purchases of flaxseed by months and the cost of the purchases. It shows the volume of sales and sales values.

It should be pointed out that in addition to Board sales of 1948-49 acquisitions, the Board also sold the balance of its 1947-48 holdings, and upward of 2.5 million bushels were marketed by the Trade outside of the Board's price support programme.

Flaxseed acquired by the Board was continuously offered for sale at or above the support price until late April, 1949 when the Board, due to competition of their exporting countries, reduced its selling price to \$3.80 per bushel basis No. 1 C.W. Flaxseed in store Fort William/Port Arthur. This selling price applied for the remainder of the crop year. Throughout the crop year, export prices for Canadian flaxseed were competitive with prices of flaxseed being quoted by other major exporting countries.

Future Policy

On March 15, 1949 the Right Honourable C. D. Howe, after reviewing the oilseed position, announced that the Government was not prepared to encourage the production of oilseeds by establishing support prices for 1949-50 but that the position would be examined at a later date. Towards the end of the crop year the Government gave further consideration to the flaxseed position. It was felt at that time that producers should be assured of a market for the small crop of flaxseed which was being produced in 1949. On July 20, 1949 it was announced that the Board would conduct a voluntary pooling operation during 1949-50 on the basis of an initial payment of \$2.50 per bushel.

Then, do you want me to go on to Part III, Mr. Chairman?

The CHAIRMAN: I think we will stop now, Mr. McIvor, and have any questions that anybody might care to ask on Part II.

By Mr. Hetland:

Q. The loss that was taken on flax is not charged to any of the other accounts like wheat, oats or barley?—A. No, that is a loss taken by the treasury.

Q. What ceiling was on coarse grain for eastern consumption while you were selling oats to the United States and getting these export permits? I cannot remember the ceilings.—A. My recollection is—

Q. What was being delivered?—A. I will get those figures for you. I am not just sure about that.

Mr. CHARLTON: Was there a ceiling price in 1947 and 1948?

Mr. HETLAND: Yes, a ceiling on coarse grain delivered to eastern Canada.

Mr. CHARLTON: Just a floor, was it not?

By Mr. Hetland:

Q. No, a ceiling price on what was shipped by the board to the United States. We could not ship to the States ourselves. I have no criticism.—A. Here it is, the 1947-48 maximum price during the period August 1, 1947 to October 21, 1947, maximum prices for oats and barley were 65 cents per bushel and 93 cents per bushel respectively. Those were the ceiling prices.

Q. It was 93 cents for barley?—A. Yes. On October 21st the government announced the removal of maximum prices for oats and barley so the ceiling price from August 1st only lasted to October 21, 1947.

Q. That was paid f.o.b. Fort William at 65 cents?—A. In store, yes.

Q. And 93 cents for barley?—A. Yes.

Mr. CHARLTON: It was only on about three months?

The WITNESS: That was a renewal. It was on for a number of years prior to that, but it was only on for that period during that crop year.

The CHAIRMAN: Are there any other comments or questions on Part II?

Mr. CHARLTON: If all the coarse grain questions are going to be put into Part—

The CHAIRMAN: Well, I would not say that.

Mr. CHARLTON: I had several questions I would like to ask. They are mainly on this year's operations, though.

Right Hon. Mr. HOWE: This year's operations are not before the committee.

The CHAIRMAN: We are dealing with the crop year 1948-1949.

Mr. ROSS: I wonder if in the case of flaxseed on page 12 the chairman of the Board would explain the increase of 50 cents a bushel. I am not objecting to it: I would like to have explained the increase from \$5 to \$5.50.

The WITNESS: Well, I can give you the reason for that. There was a considerable quantity of flax being sold in Canada at \$5 a bushel and the government felt, in view of the fact that the price outside Canada was higher, that in fairness to the producers they should increase the price to \$5.50, which, I certainly think, was a very fair action.

Right Hon. Mr. HOWE: It cost us money, I might say.

The WITNESS: But I think the man—if I may say so—the man who is responsible is sitting on the left of the chairman.

Mr. ROSS: Santa Claus.

Mr. HETLAND: Could we get the figures of how much oats were exported to the United States under those export permits and how much was sold in Canada during that year?

The WITNESS: Yes, I think we could get that for you.

Mr. WRIGHT: That was the question I asked a moment ago.

The CHAIRMAN: Are there any other comments on Part II or any questions pertaining to this part? If there are no other questions on Part II I think we will adjourn now.

Mr. ROSS: I wonder if I might just ask one question of the minister. I should know the answer myself. Is there a floor price or guarantee on flax for this new crop year 1950?

Right Hon. Mr. HOWE: No, there has been no decision made as to that. As a matter of fact, the position on flax is that we will have a considerable flax carryover, and for that reason we do not want to make any announcement now that will encourage producers to put in flax. Some people will put in flax because they always have—it is part of their usual farming activities—but we do not want to encourage any more people to do so.

Mr. ARGUE: But you are having pretty good luck in selling flax?

Right Hon. Mr. HOWE: No, we have sold some but on the whole the luck is bad.

Mr. ARGUE: I thought the carryover was going away down.

Right Hon. Mr. HOWE: It will be down considerably, but we will still have more flax going into a new crop than I like to see. It is the policy of the government to stand aside and let the new crop sell first. Under that policy we may carry the government surplus for years if we get a big crop of flax. If we could get out of surplus flax and start over again, we could afford to encourage greater production.

Mr. FAIR: Paint the buildings and get rid of a lot of it that way.

Right Hon. Mr. Howe: The trouble is that synthetics are coming in to replace linseed oils in paint, and that has had a big effect on the consumption of flax in this country and abroad.

Mr. Ross: When would you like to meet again, Mr. Chairman?

The CHAIRMAN: I think we will adjourn until 3.30.

Mr. Ross: I move we adjourn until 3.30, if that is agreeable.

The committee adjourned.

AFTERNOON SESSION

THURSDAY, June 8, 1950.

The committee resumed at 3.30 p.m.

The CHAIRMAN: Now, gentlemen, if you will kindly come to order, we have a quorum, and I think I am correct in saying that Mr. McIvor has just run through his commentary on Part II, if I remember correctly.

George McIvor, Chief Commissioner, Canadian Wheat Board, recalled:

The CHAIRMAN: Now, I do not know if there are any more questions you would like to ask on Part II.

By Mr. Jutras:

Q. I wonder if you could give us in round figures the amount of coarse grain that was received and how it was received by months during the crop year?—A. To which year are you referring?

Q. This year, 1949.—A. We did not receive any.

Q. Just to give an idea of the marketing of grain through the board for farmers.

Mr. Ross: The board did not handle it then.

Mr. JUTRAS: That is right.

The CHAIRMAN: Are there any other questions under Part II? Are we ready to go on with Part III?

Mr. CHARLTON: Mr. Chairman, I had a few questions on coarse grain that may have reference to this year's operations. I wonder if Mr. McIvor would like to answer a few questions on this year's operations, or would he rather not?

The WITNESS: Well, you are putting me in rather a difficult position. I would prefer, if the minister is going to come down, if we could leave it until the minister is here, because I think we are going outside our province.

The CHAIRMAN: Now, if there are no more questions under Part II, I think we will ask Mr. McIvor to carry on with Part III of the report.

The WITNESS:

SPECIAL OPERATIONS ON BEHALF OF THE GOVERNMENT OF CANADA

Rapeseed and Sunflower Seed

By authority of Order in Council P.C. 2717, August 25, 1948 the Board was empowered to buy rapeseed and sunflower seed at a price to assure that producers in Western Canada would be continuously offered

a price of 6 cents per pound for top grades of rapeseed and sunflower seed basis delivery points to be designated by the Board.

Rapeseed

Pursuant to the foregoing instructions, the Board was called upon to purchase practically all of 1948-49 deliveries of rapeseed by producers, this position resulting from the fact that an alternative market was not available to producers at the support price or better.

During 1948-49 the Board purchased from producers 52,411,500 pounds of rapeseed at the support price. These purchases were valued at \$3,086,003.73 and were basis country delivery points specified by the Board. Within the crop year, the Board completely disposed of its holdings of rapeseed, sales amounting to \$2,062,213.13. These sales were made in store Moose Jaw, Saskatchewan or Saskatoon, Saskatchewan.

The principal item in the operating deficit of the 1948-49 rapeseed handling was freight from country points to Moose Jaw, Saskatchewan and Saskatoon, Saskatchewan. These costs amounted to \$304,002.86. Other costs included handling, sacking, conditioning, storage, weighing and inspection, and administrative costs which totalled \$63,469.31. The sales deficit plus operating costs resulted in a deficit of \$391,262.77 as at July 31, 1949.

Sunflower Seed

As an alternative market was available to producers of sunflower seed in 1948-49 at or higher than the floor price of 6 cents per pound for top grades, the Board did not have to purchase sunflower seed during 1948-49 and consequently there are no operations to report.

Announcement of 1949-50 Policy

On March 15, 1949, the Right Honourable C. D. Howe, Minister of Trade and Commerce, announced that the Government was not prepared to encourage the production of oil seeds by establishing the support prices for 1949-50. While the Minister indicated that the position would be examined at a later date, no further action was taken in respect to these products.

That is all of Part III.

The CHAIRMAN: Are there any questions under this heading of Part III?

By Mr. Argue:

Q. Are we not handling rapeseed and sunflower seed now?—A. No, we are not.

By Mr. Quelch:

Q. Was all marketing done in Saskatchewan?—A. Yes.

By Mr. Hetland:

Q. How much less is rapeseed now than 6 cents?—A. I think my last recollection is that it is selling around 4 cents.

Q. It is 4 cents?—A. Yes. Rapeseed was largely a wartime operation to replace some of the fats which were no longer available from the Pacific area, and this report really deals with the tail end of that type of operation.

Q. If the growers of Saskatchewan would ever grow any quantity, you would not get anywhere near 4 cents, would you? The market is very limited?—A. Yes, very limited.

By Mr. Ross:

Q. It was all handled at Saskatoon and Moose Jaw, was it?—A. That is right, except there were some sales made on whole rapeseed for export. Any that was crushed in Canada was all crushed at Saskatoon and Moose Jaw.

Q. There would be a minor quantity exported?—A. Yes, it was small.

The CHAIRMAN: Are we done now with Part III? If so, we will pass on to Part IV.

By Mr. Hetland:

Q. One more question. How many more pounds of rapeseed have you left to carry over to next year?—A. We have not any.

Q. The government either?—A. No.

Q. That is the reason you got the 4 cents?—A. Yes, it is all cleaned up.

The CHAIRMAN: Are we ready for Part IV? If so, we will ask Mr. McIvor to start on it.

The WITNESS: I think with regard to Part IV, Mr. Chairman, all this deals with the financial statement and I would like to ask Mr. Earl if he would comment on it.

The CHAIRMAN: Certainly.

Mr. EARL: The narrative section of Part IV deals with comments in respect of certain items appearing on the Board's balance sheet and the statements of operations of the Board on various accounts.

The first section, refers to stocks of wheat and stocks of flaxseed, and deals with the inventories or carryovers of these grains as at July 31, 1949; it also sets forth the agency basis on which these grains are provisionally sold to Board's agents through whom they are ultimately resold to consumers. The detail of the inventories and the basis of the valuation are shown on the balance sheet.

The item of accounts receivable consists principally of amounts due from the agents of the Board in respect to sales which had been completed, but for which the final accountings were not received by the Board until after the date of the year end.

The second item of importance is the amount due from the United Kingdom government for additional freight and winter storage costs in accordance with an arrangement negotiated under the provisions of the Canada-United Kingdom wheat agreement.

The item, grain trade memberships, sets forth the memberships owned by the board and used in its operations.

In respect to the Canadian Wheat Board building, the details are set forth as to the purchase of this building by the board as at August 31, 1946, at a price of \$450,000, which was the total cost of the land and buildings. It subsequently became necessary to avoid confusion with the name of the new premises purchased by the pools to change the name of the building to the Canadian Wheat Board Building, which is the name it is now known under.

During the year it became necessary to undertake major alterations and repairs to the building and these were completed during the crop year at a cost of \$39,409.10. This amount will be amortized over a three-year period, and for the past crop year an amount of \$13,136.36 has been charged against the operations of the 1945-1949 pool.

The deferred portion is shown on the balance sheet as a deferred expense to operations, and will be written off in the subsequent two years of the board's operations.

It also became necessary to effect substantial improvements to the lighting in the building and this was completed at a cost of \$21,495.20. The board's

accounts also provide for the usual depreciation rate on a building of this structure, namely, at the rate of 2 per cent; and the amount of depreciation for the year is \$7,800.

The table on page 17 sets forth the amount due from the government of Canada as at July 31, 1949, and this amount was paid to the board on April 30, 1950. That has now been collected in full.

The section, dealing with the bank loans, points out the development in the board's cash position as a result of the second 20-cent adjustment payment to producers and sets forth the transactions briefly as they occurred from the selling of the last board investment, namely, \$40 million of 5/8ths per cent treasury notes down to the present position as it now stands at July 31, 1949, showing the bank loans at \$23 million-odd, and the accrued interest to that date of \$3,911.62.

Liability to Agents

Grain companies acting as Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board fixed initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents. The liability to Agents amounting to \$39,484,002.40 represents the amount payable by the Board to its Agents for purchases from producers at country elevator points to July 31st, 1949 for which delivery to and settlement by the Board will be completed subsequent to the date of the Balance Sheet.

That is, when delivery is completed by our agents.

The next section deals with the amounts still owing by the board in respect of emergency wheat receipts which were issued on the 1945-1946 accounts and as at the end of the year the board still owed \$1,439,796.84 in respect of the receipts.

As at July 31, we had issued all the cheques for the receipts on the 1945 crop account, but at the same date there were 675 emergency wheat receipts on the 1946 crop account which remained to be forwarded by producers to the board for payment.

I might say that as of June 6, this year, there are 14 receipts outstanding in the names of six producers, totalling \$31,208.97; so there has been a very substantial reduction in that liability.

The amount due to the producers on outstanding certificates and cheques—are shown in tables on page 19 which reflect the board's liability to producers on final and adjustment payments. The top section of the table deals with the final payments on the 1940 to 1944 crop accounts inclusive, and the bottom section deals with the position on the adjustment payments which have been made in respect of the 1945-1949 pool accounts.

On page 20—accrued expenses and accounts payable represent the accruals of board liabilities as at the end of the year. The principal item is an amount of \$2,542,653.58 due to the Board of Grain Commissioners for Canada in respect to the Prairie Farm Assistance Act levy on the wheat adjustment payments to producers applicable to deliveries on the 1945-49 pool account. Of that amount, \$2,537,653.58 was paid on September 23, 1949, and the balance is still being held in board accounts and will be paid at some subsequent date.

Also included in the item of accrued expenses and accounts payable is an amount of \$153,596.91 payable by the board to the Employee Retirement Plan of the Canadian Wheat Board. This amount consists of the contributions required under the plan from its members and the board for the period July 1, 1948, to July 31, 1949, and which had not been paid as at the end of the fiscal year, pending the appointment of a trustee, as required by the plan.

This amount, together with appropriate interest, was paid by the board during the month of August, 1949.

The balance of accrued expenses and accounts payable comprises, in the main, open purchases of wheat and flaxseed and sundry accounts unpaid as at July 31, 1949, together with accrued carrying charges, storage charges, etc., to that date.

In respect of the statements of operations on the 1945-49 pool account, the details of those operations are set forth in exhibit 4, and resulted in a deficit of \$5,235,621.37. The comment in respect of this deficit indicates the basis on which it was calculated with particular reference to the valuation of the inventory and with reference to the increase in the initial price as a result of adjustment payments.

In the third paragraph, order in council, P.C. 3376 of July 28, 1948, effected the price at which the board sold wheat to millers, processors, manufacturers, feeders and dealers for domestic requirements in Canada. This price was increased from \$1.55 per bushel plus an allowance of 3½ cents per bushel for carrying charges, to \$2 per bushel plus an allowance of 5 cents per bushel for carrying charges, both prices basis No. 1 northern wheat in store Fort William/Port Arthur or Vancouver. This new price basis applied to sales completed on or after August 1, 1948.

As a result of this price increase, millers, processors, manufacturers and dealers were required to pay to the board an adjustment charge of 46½ cents per bushel on all stocks of board wheat on hand as at the close of business July 31, 1948. Amounts collected by the board in respect to this price adjustment have been included as revenue of the 1945-1949 pool account.

The next section, dealing with the flaxseed division, also makes a reference to the authority of the board to purchase Winnipeg flaxseed futures. I think this matter was referred to in section II of this report. The marketing operations in respect of flaxseed acquired by the board resulted in a deficit of \$3,806,855.19, and the comments in respect of the valuation of the inventory as they affect that deficit, are also given.

There is also reference to the 1947 flax account and the position of that account as at the end of July, 1949.

In respect of the oats and barley division, mention has already been made to these grains in a prior section of the report and in respect to paragraph 2, we deal with the position of the equalization fund for oats and barley for the 1947-1948 crop. The 1947 oats equalization fund and the 1947 barley equalization fund both resulted in final payments to producers of \$4,269,706.84 and \$4,402,527.75 respectively. The total payment of \$8,672,234.59 was distributed at the rate of 5.881 cents per bushel for oats and 6.780 cents per bushel for barley. Cheques were issued for the total amount of these payments on March 7, 1949, in respect to deliveries by producers for the period from August 1, 1947, to October 21, 1947, both dates inclusive, and on May 2, 1949, in respect to deliveries by producers for the period from October 22, 1947, to July 31, 1948, both dates inclusive. There were two separate cheques issued to cover the total deliveries for the crop year. As at July 31, 1949, the final payment cheques totalling \$8,207,272.19 had been cashed by producers.

The section of the report dealing with order in council, P.C. 1292, covers the operations of the board in respect to the authority given to the board under this order to acquire stocks of oats and barley in Canada. The operations resulted in a surplus of \$6,727,573.71, and under the terms of the order this amount is payable to the Consolidated Revenue Fund of the government of Canada, and at the end of July, 1949, the amount of \$6,324,789.99 had been remitted. The balance will be remitted at some future date.

Reference has already been made to the rapeseed and sunflower seed division, and I do not think that any further comments are required on that particular phase of the report.

The refund account resulted from the authority under order in council, P.C. 3376, whereby on and after August 1, 1948, the price at which the board sold wheat to millers and processors was increased from \$1.55 plus an allowance of 3½ cents per bushel for carrying charges, to \$2 a bushel plus an allowance of 5 cents for carrying charges.

In terms of the same Order the Board was directed to pay, on behalf of the government of Canada, a refund of 45 cents per bushel to flour millers and wheat processors on all western wheat flour and western wheat products sold and delivered for domestic human consumption on and after August 1, 1948, and which had been produced from western wheat purchased at the increased price level of \$2.00 per bushel, plus an allowance of 5 cents per bushel for carrying charges, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. The amount of refund was subsequently increased to 46½ cents per bushel effective September 1, 1948, as authorized by Order in Council P.C. 4287 of September 29, 1948.

The results of these operations are set forth in exhibit XIII and indicate amounts of money distributed by the Board on behalf of the government of Canada in respect of the domestic flour refund.

The next is the drawback account. In connection with domestic flour refunds which applied from 1942 up until September 17, 1947 at which time it was removed. It is exactly the same type of operation as the refund account but it became necessary to distinguish between the two because they were authorized by separate orders.

The last item is the schedule of administrative and general expenses. It shows that for the year under review the administrative expense amounted to \$2,071,655.32 comprising expenses incurred at the Winnipeg, Calgary, Vancouver, Toronto, Washington and London offices of the Board. Details of expenses and allocations to the Board operations and to operations on behalf of the government of Canada are set forth in the last exhibit in the part namely number XVI.

That completes comments on section IV.

The CHAIRMAN: You have heard Mr. Earl go through Part IV; have you any questions or comments?

By Mr. Argue:

Q. The case referred to on page 21 as being before the Supreme Court, to recover money, arises I presume out of the lifting of the ceiling?—A. That is correct.

Q. Has that case been decided?—A. No, it is before the Supreme Court now.

Mr. WRIGHT: If that case is lost will it leave the Board liable for any very large sum of money as a result of suits that might be entered into by people in similar positions to the one that the present case concerns?

The WITNESS: I have always been advised that we should not comment on a case before the courts.

Mr. WRIGHT: We have been told that before too. I do not think that it would be a comment on the case though, would it? I think that would be just a comment on the position of the Board. It has nothing to do with the case itself.

Right Hon. Mr. HOWE: The answer might encourage others to enter the same kind of action:

Mr. WRIGHT: That probably would be the case.

Rt. Hon. Mr. HOWE: I think it might.

The CHAIRMAN: Are there any other comments or questions here?

Mr. HETLAND: I would like to ask Mr. McIvor a question. There seems to be a lot of misunderstanding out west about the Board handling our coarse grain. A lot of people thought when the government took over coarse grains that the Board would not use the open market to sell. I do not know whether Mr. McIvor would like to comment on this or not but I would like to ask him whether he knows of any better way of handling coarse grains than the way in which we are handling them.

Mr. LAING: Are we not dealing with the report?

Mr. HETLAND: There is a lot of misunderstanding in many places out west and they think the grain exchange is being manipulated, and that they will not get the full price of any grain that goes up. It is always the broker that gets the advantage of the price of grain that goes up. I think it would satisfy a lot of people if Mr. McIvor could tell us just how it is done and if he thinks there would be a better way to do it.

The CHAIRMAN: I will leave that to you, Mr. McIvor.

Rt. Hon. Mr. HOWE: That is not within the terms of reference but if Mr. McIvor would care to give us a little discussion on that subject it might be helpful.

The WITNESS: If I understand your question it is whether I know of a better way to handle coarse grain?

Mr. HETLAND: Yes, if you would comment on that?

The WITNESS: Well I say no, I do not know of any better way. There may be a better way but I do not know of it.

The position is that all of the oats and barley in western Canada are being delivered to the Board and we use the facilities of the open market and other facilities and we make a direct sale of oats and barley. We spread our sales out over the months and over the year and at the end of the year when our grain is sold we will of course return whatever results we get over and above the initial payment.

Mr. ARGUE: How do the costs of selling oats and barley by that method compare with the costs of selling wheat, without the exchange?

The WITNESS: We do not know yet, and we won't until we get through the end of this year. We do not know what the costs will be.

By Mr. Bryce:

Q. Can you tell us why there were fluctuations in oats? Just take oats? Did somebody buy short or did somebody buy and then another fellow squeeze him when he needed the supply?—A. I think the chief reason oats went up is that more people wanted oats than there were supplies available, and the price advanced. We have been very free sellers of oats; we have not attempted to hold oats off the market.

Q. You put oats on the market every day?—A. We put them on the market as we get them but there has been a very substantial demand for oats.

By Mr. Ross:

Q. Can you say what percentage of oats you have sold through the open market? I do not suppose you want to give any breakdown by months?—A. I think the Board's position on this is certainly that the last thing in the world we would like to have the Board accused of is holding back information.

Q. Well I want to be fair about it.—A. May I go on just for a moment. However, here we are in the midst of a marketing year and we are the steward or the trustee for a lot of farmers grain, trying to merchandise it in the best way we can. The minute we state what our position is then that minute we weaken our own position as trustees of that grain.

Q. Without stating the amount would it jeopardize your position if you were to give the percentage sold to the open market and the percentage sold to the exchange?—A. I do not think it would help.

Rt. Hon. Mr. HOWE: The whole problem is that in this country grain is distributed by dealers. The ordinary farmer does not go to the Board to buy grain—not many farmers buy a carload. In the same way there are not many dealers who can buy a half million bushels of oats and put up the half million dollars to pay for it. The Board sells for cash. I do not know of any way that you can make the distributing machinery of this country work to distribute coarse grains unless there is some way that these dealers can hedge their purchases.

By Mr. Bryce:

Q. I would like to have it made clear to the members of the committee—I think I am clear myself—the Wheat Board will sell a car of grain to any organization that wants to come along and buy it from you directly?—A. Absolutely.

Q. The eastern members are not quite clear about that. I can show you a dozen letters from people in eastern Canada who have written to me telling me that they could not do so and that the Wheat Board will not sell. Without asking anybody, I thought I knew enough about it to know that they would sell.

Here may I go off the track a little. I want to ask a question at the same time. The prices quoted for grain have been pretty good but the man who is feeding hogs today is not a producer of grain. We will say that I feed hogs and that my neighbour takes a few wagonloads of barley to the local elevator. I need it for feeding purposes but I have got to pay Fort William prices for it. Is there not a more reasonable way in which we can aid the agricultural economy of this country by saying that such a man may buy the grain less the freight charge to Fort William. I know that you are going to pay him so much and he is going to get a participation certificate later but I do not think we should pay the freight. It would be of assistance; because the fellow in eastern Canada is getting a certain advantage to help him feed hogs.—A. I do not think you can differentiate between freight and price. If you say this man, and presumably you are talking of the man who lives in the west, if he is going to get it less the freight costs—

Q. No, I refer to the same point. My friend draws in a load and sells to the Board at the elevator. I draw in behind him and buy the grain.

Mr. QUELCH: Out west?

Mr. WRIGHT: Yes. If the elevator charges were paid with a premium sufficient to meet your payment later on I do not see why I should have to pay 14 to 21 cents freight to Fort William?

The WITNESS: You do not have to pay it.

Mr. BRYCE: Well, let it go. I will take it up with you and show you where it is being paid.

By Mr. Ross:

Q. The point is when the producer sells his coarse grain at the elevator he pays the rate then. It is deducted from his payment?—A. That is right.

Q. In every case the producer pays the freight to Fort William when he gets his settlement. That is deducted in full.

By Mr. Charlton:

Q. And when the buyer buys it he pays the price as at Fort William?—
A. No, the buyer buys it at the local price at the point.

By Mr. Bryce:

Q. Why should you charge the price of freight to Fort William when it never leaves the elevator?—A. We do not.

Q. Well I go to the elevator and pay 14 cents a hundred?—A. If you ship it to Fort William.

Q. But a fellow comes in behind and buys it?

Right Hon. Mr. HOWE: Based on the Fort William price less 14 cents.

Mr. ROSS: And handling charges.

The WITNESS: If I get your point clear, Mr. Bryce, if a man delivers his grain, oats or barley, at Selkirk which is a point I know you are familiar with, he gets an initial price of the Board, less freight to the lakehead. Now, however, if a man buys the grain at Selkirk he pays the Fort William price less the freight to the lakehead. If I understand your suggestion it is that we should sell the man who buys the grain at the initial price, but if we did that we only reduce the value of the pool. The man that delivers the grain loses then.

Mr. BRYCE: Do you not think you would gain more by stabilizing your agricultural economy?

The WITNESS: Well if somebody instructs us to do so we will consider it, but our instructions are to sell grain at market price.

Right Hon. Mr. HOWE: Why doesn't the man who sells the load, sell it direct to the second farmer so that he can take it away before it goes into the elevator?

Mr. ROSS: I would like to ask a question.

Mr. BRYCE: I am glad you asked that question, because if you do it is against the law in the country today.

Mr. GOUR: In my riding we use feed coarse grains and wheat. None of the farmers criticize the Board. We have found out that it is the best thing in the world, except that we have also found that the price of the grain today is too high for what we are able to use. It is keeping our farmers from using less for cattle feeding than if the price was around \$10 a ton cheaper. We find the western farmers are very happy to get good prices, but we feel that if the price continues to be so high we will be able to use less of it in the east. This spring in my business we bought less, and the farmers are buying less for cattle feeding and for chickens. We find that the Wheat Board has done a splendid job but our farmers find the prices too high. I deal in large lots myself; I handle one hundred cars of coarse grain a year. We do not criticize the Board and we do not criticize anybody but we just find that the price is a little too high. We are not speaking against the western farmers but we think it will be just too bad if we quit buying in the east. The people in the west need us and we need them, or there will be less market still in the west.

Mr. ROSS: Following up Mr. Bryce's dilemma about buying from a neighbour before it goes through the elevator, I may say that I have never been too sure, when I have bought oats not through the elevator, whether I was within the law. Would the minister make a comment?

Right Hon. Mr. HOWE: You are strictly within the law if you do not move the wheat out of the province.

Mr. Ross: I am not referring to wheat; to coarse grain?

Right Hon. Mr. Howe: It is permitted under both federal and provincial law.

The CHAIRMAN: As long as it stays within the province.

Mr. Ross: Then there is another question. Turning back to the question of whether Mr. McIvor thought this was the most satisfactory way of doing business for wheat. I think that anyone will realize that I am not a supporter of the exchange but I do not understand why it would apply to wheat only. I think the majority of these coarse grains are handled by the milling companies. If that were true would it not also be true for wheat?

Right Hon. Mr. Howe: Coarse grains are really domestic crops. Normally they are sold within the country. Wheat, however, is sold outside of the country and generally to governments within the International Wheat Agreement. If it is sold in the country it is sold to mills but, under those circumstances, there seems to be no credit situation as there is for coarse grains which are sold on the domestic market. It is much safer for everybody to have the wheat agreement carried out between governments, particularly when practically all dealers within the agreement are governments. If there was to be a general return to open markets then it would be worth considering whether Canada should or should not return to the open market. Today, however, when nearly all of the business of the world is being done through governments we think it is better to have our part of it done by our government. The decision must depend upon a marketing situation.

By Mr. Wright:

Q. I would like to ask a few questions with respect to the chapter Liability of Agents. Can Mr. McIvor give us the picture as to what is paid to the handling company for buying of wheat and the picture with respect to when they deliver that wheat to the Board? Is it when the wheat is shipped to the terminal elevator or may the company hold that wheat for a period before turning it over to the Board? I just want the general picture of what the Board pays the handling companies for purchasing wheat for them, and the time within which that wheat is turned over to the Board? I think there is a little misunderstanding with regard to it?—A. Every year we negotiate handling agreements with the elevator companies. As I explained we try to cut down costs of handling as much as we can but we find that when the producer organizations say this is the basis that they require, there is not much distance that we can go beyond that point.

Q. I would like to get some figures?—A. We have agreements with the companies and under those agreements the companies take delivery of the wheat from the producer and they deliver it to the Board. Once they take the wheat in they send a report to the Board on the amount they have taken in and that is Board wheat subject entirely to our control. We then can ship it to a mill, to Vancouver, to Fort William, or to any place that we wish to ship it. They deliver wheat to us at the terminal in the form of a warehouse receipt. We pay them a carrying charge until the wheat is delivered to us. After the wheat is delivered to us at the terminal we order it out. They have nothing to do with it, they have no control over it whatsoever; it belongs to us; and we order it out and they have to ship it out in accordance with our instructions.

Now, with respect to handling charges there are two classes of wheat handled by the elevator companies. One is class A which is a special bin wheat and which is handled in accordance with the tariff of the Board of Grain Commissioners. That is the only charge that can be made by the elevator companies.

Now, in regard to class B wheat, which is the great bulk of the wheat produced, the street price to the farmer is based on the Board price, at the

lakehead, for that particular grade, less freight charges and less $4\frac{1}{2}$ cents per bushel. That is on wheat.

In regard to oats exactly the same conditions apply. As soon as oats come into the elevator they are the property of the Board and the charges on oats are $3\frac{1}{2}$ cents per bushel. The barley charge is the same as for wheat— $4\frac{1}{2}$ cents per bushel.

Q. For those charges the grain handling company then must supply the money for the initial payment to the farmer for his wheat when he delivers it to the elevator?—A. That is right.

Q. And what else does that $4\frac{1}{2}$ cents cover? How much storage does that cover? Do you immediately start paying storage?—A. It does not cover storage.

Q. I see; that is just for the act of purchasing and the interest on the money?—A. That is known as street margin. If you remember in the days before the Board operated there was always a street deduction at country points, and this is the street margin in a Board operation.

Q. Well the point I was trying to get at was this. The grain handling firms, when they borrow the money to make the initial payments to the farmers for wheat, have to pay 4 per cent interest and that interest is included in the $4\frac{1}{2}$ cent charge which they are paid?—A. No.

Q. Do you pay them interest besides?—A. Interest is included in the carrying charge. We pay them a carrying charge of the regular storage rate, the maximum of which is fixed by the Board of Grain Commissioners, plus interest.

Q. The point I was trying to get at is this. While that wheat remains until you have taken it over there is 4 per cent interest paid on the money used. Once you people take it over your interest rate is only 3 per cent.—A. I think the rate is $3\frac{1}{2}$ per cent but I will check on the interest rate.

We have thought of what you say, Mr. Wright, but remember when the handling companies pay for wheat in the country they assume complete responsibility to deliver that wheat to the Board. Now then, if we were to pay for the wheat in the country we would have to send the money out to payors' agents or to banks and take all the risks. Those people would have the responsibility of paying the money out to producers and we just question whether in the long run we would be any further ahead.

Q. It is a saving in interest between what the banks charge you and what they charge the grain handling firms; I understand it is 1 per cent?—A. You are quite right, the rate is 4 per cent.

Q. When millions of dollars are involved it runs into a considerable sum. I believe on September 30th of this year the handling firms had probably in the neighbourhood of \$150 million in borrowings from the bank, while you people on the same date only had about \$3 million in borrowings from the bank. 1 per cent interest on \$150 million is a considerable saving—if it can be saved? That is the only point I am raising?—A. We have looked into that same thing a number of years because it worried us—probably as much as it is worrying you now—however, we came to the conclusion that there were considerable risks in us sending the money out into the country—millions and millions of dollars into the hands of payors' agents without being on the ground to supervise it ourselves. We came to the conclusion that we would be better off as we were.

MR. JUTRAS: How do you arrive at the statement that the companies are paying 4 per cent?

MR. WRIGHT: 4 per cent is paid by the grain handling companies on money borrowed from the bank; when the Board borrows money from the bank it pays 3 per cent.

By Mr. Jutras:

Q. You meant that the 4½ cents a bushel is for the carrying charge alone and does not include storage?—A. It does not include the carrying charges. It is street margin; the actual handling margin of the elevator company.

Q. Does the company assume the cost of the first thirty days free storage?—A. No, not on, class B wheat. Carrying charges are effective as soon as the wheat comes in because the wheat is our property. I can tell you that we do not leave it in the elevator a day longer than we have to. Just as soon as it is taken in we are ordering it out and getting it on its way; getting it sold.

By Mr. Argue:

Q. This may be a little off to the side. I remember last fall that there was a considerable delay after the beginning of harvesting before the elevator agent was in a position to make a payment for farmers deliveries. It was quite a while before he got instructions as to what the price would be. Why would that be?—A. We have always taken the position that we are duty bound to find out what the constituents of the crop are—what the grades are—before we fix the spreads. Now, to illustrate my point, if we were to fix the spreads say in the middle of July, and set No. 4 wheat at 12 cents under No. 1 northern, that would mean that every producer would get a payment of 12 cents less than No. 1 northern for every bushel. If we came along on the 10th of August and found that 25 per cent of the crop was frozen and we had a huge quantity of No. 4 wheat on hand, we probably would not be able to sell it within any distance of 12 cents. So we have taken the position we would like to hold off as much as possible in trying to examine what kind of a crop it is before we fix the initial price.

Q. Is the farmer getting the right of free storage of grain?—A. Yes, he gets free storage and does not pay any interest.

Q. How long after the instructions are sent out will the storage charges commence?—A. Not until we are in a position to pay him the initial price and then it will be for our account and not for the farmer.

Q. Which?—A. For the account of the Wheat Board.

Mr. Ross: The farmer does not pay anything.

Mr. ARGUE: The reason I was asking is I had an elevator agent tell me he had instructions to have the wheat sold in a matter of three or four days or the farmer would be charged storage. The country mail service was poor, with no telephone service, and it was physically impossible for him to notify all farmers in time to get the grain sold before the storage charges came in.

The WITNESS: We have always made that retroactive as far as storage and interest is concerned. The farmer should not have to pay it. When settlement is made it becomes Board wheat and the Board has to pay the carrying charges.

By Mr. Charlton:

Q. I wonder if Mr. McIvor would like to comment on the percentage of oats and barley as sold direct to feed dealers or manufacturers and which does not go through brokers?—A. Well I do not know what you mean by brokers. The bulk of our oats and barley is sold to firms like Parish and Heimbecker, James Richardson, Toronto Elevators, Ontario Co-operative Elevators, and similar firms. Many of those companies have their own feed plants.

Q. I have been told that the service directly from the Board was not nearly as good as if you were dealing through a broker.

Mr. Ross: Do you mean through a grain commission broker?

By Mr. Charlton:

Q. Yes, would you believe that statement or disbelieve it?—A. Well, I would not agree with that statement, I do not see any reason why it would not be as good. If you gave me the situation involved in the case I would soon look into it.

Q. Apparently it is not and even to the point where they pay a premium price to get the grain.—A. I do not know what you mean "for the service". We have oats and barley at the lake head and we sell them to anybody who wants to buy them. We give them the documents and they can dispose of them as they see fit.

Q. If you order a car of grain today through the board it might take two months before you get it. But if you order that car of grain through a broker, you will get it next week.

Mr. GOUR: Suppose you divert a car, let us say, from Ottawa or Montreal. Suppose I am short of feed and I take a running car. I have to pay more because it is a running car and it is transferred, let us say, from one railroad to another or from one station to another. That is the quick service that we get from the board.

Right Hon. Mr. HOWE: If you buy from the board in store at Fort William, then it is up to you to get the grain loaded. You may not be as clever as the broker, perhaps, with that particular movement.

The WITNESS: Well, of course, you will find brokers who will praise the Wheat Board and brokers who will damn the Wheat Board depending on exactly what their views are.

By Mr. Charlton:

Q. Is there any pressure brought to bear upon them that they should deal through a broker?—A. No.

The CHAIRMAN: Are there any further questions on this part of our report? If not, I think we shall turn to the exhibits. Exhibit I "Consolidated Balance Sheet". Are there any questions? Shall the item carry?

Carried.

Exhibit II. Shall the annex carry?

Carried.

Exhibit III. Shall the annex carry?

Carried.

Exhibit IV. Shall the annex carry?

Carried.

Exhibit V.

By Mr. Charlton:

Q. Mr. Chairman, with respect to exhibit IV I see there is an item entitled "Drying, reconditioning charges, grade adjustments, etc.: \$2,574,625.67". That would be grain which comes in with probbaly a high moisture content.—A. Yes. That chiefly is a charge in connection with wheat that went through Vancouver. Alberta was unfortunate enough to have a late harvest and they had a lot of wet grain which had to be dried before being shipped overseas.

Q. The farmers have to pay for it?—A. Yes. It comes out of the pool.

Q. That would be a lower grade and he would get a lower price for it?—

A. He gets a lower price in his initial payment.

The CHAIRMAN: Exhibit V. Shall the item carry?

Carried.

Exhibit VI. Shall the annex carry?

Carried.

Exhibit VII. Shall the annex carry?

Carried.

Exhibit VIII. Shall the annex carry?

Carried.

Exhibit IX. Shall the annex carry?

Carried.

Exhibit X. Shall the annex carry?

Carried.

Exhibit XI.

By Mr. Wright:

Q. On exhibit xi what firms handled this rapeseed for the Wheat Board?—A. At Saskatoon it is the Saskatchewan Cooperative Plant; and at Moose Jaw it is the "Prairie Vegetable Oils".

Q. What proportion of the crop is handled by them?—A. I do not know. I do not know whether or not we have that information. In fact, I do not think we have.

Right Hon. Mr. HOWE: I do not think the Cooperative Plant was finished until late in that year.

By Mr. Wright:

Q. There was very little, if any, handled by the Cooperative Plant that year. I think it was done mostly by the Moose Jaw firm.—A. I think there was quite a bit handled, and if you would like to have the figures we would be glad to get them and file them with the committee.

Q. I would like to have the figures and the basis on which they handled it for the board.—A. The basis on which they handled it was that we sold it to them.

Q. You sold it to them outright?—A. Yes, and they made their own deal from then on. We got as good a price as we could. That was the basis.

Q. Was rapeseed offered by the board in the United States?—A. Yes. We sold rapeseed wherever we could. They had to compete with any other buyers.

Q. Were sales made to United States firms?—A. Yes.

Q. I would like to have the prices and the amounts sold by the board to the Cooperative at Saskatoon, to the Moose Jaw firm, and directly to the United States.—A. Very well, we shall get that information. It will take a day or so to get it. I cannot give it to you today.

Q. That will be all right.

The CHAIRMAN: Shall the annex carry?

Carried.

Exhibit XII. Shall the annex carry?

Carried.

Exhibit XIII. Shall the annex carry?

Carried.

Exhibit XIV. Shall the annex carry?

Carried.

Exhibit XV. Shall the annex carry?

Carried.

Exhibit XVI.

By Mr. Charlton:

Q. I see that audit fees are listed at \$41,500. It seems to me rather a high amount for just one year. I presume that is just for one year?

MR. EARL: That is correct. It is for one year for audit of the board's wheat accounts and all other operations of the board.

MR. CHARLTON: That is quite a lot of money to pay.

THE WITNESS: I would say that Mr. Earl comes from that profession and he would know something about audit fees. I would like to have his comment.

MR. EARL: I have always been of the opinion that it is a fair charge for the services which the auditors perform. Their services have to do with all the operations of the Board such as current wheat operations, payment accounts, flax, and any other operations in which the board is engaged. They must perform a continuous audit service. You can see from the volume of those operations that a considerable amount of time must be consumed. In addition to that, the Canadian Wheat Board Act requires that a statement shall be prepared and submitted monthly, and also by the terms of the same Act, it must be audited by the board's auditors. So, having regard to all their various activities in auditing the board's accounts, I feel that it is a fair and reasonable charge for audit fees.

MR. CHARLTON: There must be somebody working at it all the year 'round.

MR. EARL: That is right.

MR. ROSS: I know they are a very reputable firm of auditors. They have quite a reputation out there.

THE CHAIRMAN: Very well, Mr. Bryce.

By Mr. Bryce:

Q. May I ask how many seats the Wheat Board owns on the Winnipeg Exchange and other exchanges?—A. I think we have that information here.

MR. EARL: There are four memberships in the Winnipeg Grain Exchange; one membership in the Clearing House; one membership in the Lake Shippers' Clearance Association; and one membership in the Vancouver Grain Exchange.

MR. BRYCE: Have you got the fees there?

MR. EARL: I think that is covered in the report separately; \$1,900.

MR. BRYCE: You have got them divided up, then.

THE CHAIRMAN: \$1,900 for the four, or for each?

MR. EARL: For all the memberships for that year.

MR. BRYCE: Could you let me have it later on?

MR. EARL: I could. (*See Appendix "A" to this days' evidence*)

By Mr. Wright:

Q. With respect to the purchase of the Royal Exchange Building, did the funds for the purchase of that building come out of the growers' wheat or was it

a separate purchase by the government? Who owns the building?—A. It was purchased with producers' funds. The purchase will be amortized over the years.

By Mr. Wright:

Q. Amortized over what number of years?—A. At 2 per cent per annum—if the building were sold I think there would be \$100,000 to \$150,000 profit which would get into the pockets of the farmers.

Q. It belongs to the farmers?—A. If we have to sell the building the money would get into the farmers' funds.

The CHAIRMAN: Does exhibit XVI carry? Does the item carry?

Carried.

By Mr. Fair:

Q. How many meetings does the advisory committee hold during the year?—A. That is give non page 11, Mr. Fair. Three meetings.

By Mr. Mackenzie:

Q. Does the board hedge its sales on the market in coarse grain?—A. No. We do not hedge. We just sell.

By Mr. Wright:

Q. I think you answered my question in the House the other day. I asked if the Board at any time sold more grain than they actually purchased in the country?—A. And the answer given was "no".

By Mr. Hetland:

Q. Supposing a very large amount of coarse grain was sold in a certain week. Would you sell it all in that week or carry it on?—A. We try to sell it at the best price we can get over a twelve-month period.

Q. You carry it along?—A. No. We always feel that we must never be holders of oats and barley, but that it must be prepared to sell every day, and that is the policy which we follow.

Q. That is, if you have buyers?—A. Of course. We cannot sell if we have not any buyers.

Q. You would not put up grain unless a lot of people bid on it?—A. They can bid on it if they want to buy it. It is just a question of merchandising.

Q. I am afraid you do not get what I mean. I mean that if there were heavy deliveries in one week, and maybe the next week you did not have any deliveries, would it be sold over the next two or three weeks?—A. It might be sold over two or three or four weeks.

Q. It is not sold in the one week?—A. Oh, no.

Q. Not to support the market?

The CHAIRMAN: Are there any more questions under Exhibit XVI? Does the item carry?

Carried.

It appears that we have come to the end of the report.

Mr. CHARLTON: I had a question to be answered later.

Mr. EARL: I have those figures now. Your question was as to the total losses of the board from its inception.

Mr. CHARLTON: Yes.

Mr. EARL: For the period August 1, 1935 to July 31, 1949, on wheat, western division, not including the 1945-49 pool—\$113,349,851.27; and on coarse

grain for the western division, which includes flax, oats, barley, rapeseed, and sunflower seed, the total is \$42,040,112.88, making a total for the western division of \$155,389,964.15.

Mr. CHARLTON: That does not include the \$5 million?

Mr. EARL: On the pool, no. And I might point out that the figure on the 1948 flax is in here, but it is not a final figure.

Mr. ARGUE: Those losses would be mostly before the board.

Mr. EARL: No—During the period of Board operations from 1935 to 1949.

Mr. FAIR: It might be a good idea to put in what it cost the wheat growers of the Prairie Provinces to subsidize Canadian consumers while the war was on.

Mr. EARL: The eastern division wheat, Ontario wheat, amounted to \$316,020.60.

Right Hon. Mr. HOWE: Who paid the losses?

Mr. EARL: The losses were all paid by the government of Canada.

Right Hon. Mr. HOWE: Thank you!

Mr. GOUR: What did it cost the eastern farmer to carry on? The price was settled by the government during that time. And you have to have regard to this fact and you have to balance it

Mr. CHARLTON: Those were the losses year by year 1939 to 1941.

Mr. EARL: On the Ontario wheat?

Mr. CHARLTON: On the Ontario wheat?

Mr. EARL: No. On the 1946 Ontario wheat payment account.

By Mr. Charlton:

Q. That partly balances up what we lost before.—A. I think there are two other questions that we promised to get information about. I have it now. One was when Mr. Argue asked about the Class 2 price basis. From July, 1946 to July, 1948 we maintained a Class 2 price for No. 1 Manitoba Northern f.o.b. East Coast seaboard of approximately 20 cents per bushel over the f.o.b. Baltimore price for No. 1 Hard Winters, ordinary protein. This spread was based on 15 cents per bushel allowance for protein content of Canadian wheat and 5 cents per bushel for grade allowance between No. 1 Manitoba Northern and No. 3 Manitoba Northern.

From August, 1948 to July, 1949 the premium differential for Canadian wheat was wiped out and we went as low as 33 cents per bushel in May of 1949 under the f.o.b. Baltimore price for No. 1 Hard Winters. At July 31, 1949 we were back to 11 under.

From August, 1949 we kept widening this spread to point where we were 35 cents per bushel under on a Canadian East Coast-Baltimore basis. This spread was equivalent to our in store Fort William price being 19 cents per bushel under the in store Kansas City price for No. 1 Hard Winters (allowing for 10% discount on Canadian funds). Since December 6th, we have continued to widen this spread to a point where the price of our No. 1 Manitoba Northern in store Fort William and Port Arthur is today 35 cents per bushel under the price of No. 1 Hard Winters in store Kansas City.

The other question I think was asked by Mr. Jutras about the cost of shipping wheat from St. Lawrence ports to Liverpool. The present cost of shipping wheat from in store Lake Head to Liverpool, No. 2 Northern in store Lake Head, is \$2.03, forwarding costs to f.o.b. St. Lawrence 18 cents, making a total of \$2.22. The ocean freight from the St. Lawrence to Liverpool, 15 cents; delivery cost; \$2.36 in Canadian funds. I think that is all I have, Mr. Chairman.

The CHAIRMAN: Thank you. Are there any other questions?

By Mr. Laing:

Q. What is the Vancouver ocean freight? Have you got that?—A. You have got me. I would have to get that for you. I would say that Vancouver competitively is cheaper than the St. Lawrence now.

Q. By mileage?—A. On the over-all cost.

Q. This is a heavy reduction, this recent reduction.—A. Yes, it is a heavy reduction.

Mr. DAVIDSON: We have a question from Mr. Wright which is in the process of being answered and the answer will be filed with the committee very shortly. It has to do with the export figure on oats and barley. (*See Appendix "B" to this day's evidence.*)

The CHAIRMAN: Are there any other question?

Mr. WRIGHT: Before the committee rises I would like, on behalf of the committee, to thank the Wheat Board very much for the very clear explanations which they have given of their accounts. I am sure that the committee appreciates it and I am sure that the farmers of western Canada appreciate the job they are doing.

Mr. ROSS: Before we rise, Mr. Chairman, at this morning's session I asked if the Minister of Agriculture might appear before this committee because there has been considerable misunderstanding about a clause. I think the chairman of the Board said he had not any idea of what it meant, or how you arrived at the Montreal price. The minister now responsible says that he had nothing to do with the contract then.

Right Hon. Mr. HOWE: I did not say that.

Mr. ROSS: Did you not have something to do with the contract which was negotiated for 1946?

Right Hon. Mr. HOWE: I had the same responsibility for it as any other member of the government.

Mr. ROSS: The Minister of Agriculture negotiated the contract for 1946.

Right Hon. Mr. HOWE: I do not think this committee has the power to summons a minister.

Mr. ROSS: I quite realize that. We cannot summons him. I think he made a statement in January 1949, when they were negotiating other contracts, that the two governments had agreed that their representatives should meet not later than the 31st of July, 1950, to settle any obligations of the United Kingdom which may then be outstanding under clauses 2 and 3 of the agreement. If he does not want to appear, we cannot do anything about it. But I made the request at the opening of this morning's session so that if he wished to do so, we could find out what the intention was in that clause.

Right Hon. Mr. HOWE: I do not think it is within the terms of reference of this committee. I know I would like to listen to the argument, but I do not think it comes within our terms of reference.

Mr. ROSS: I also pointed out that according to these figures on page 9—and that has a bearing on Mr. Fair's statement—the difference between the average of \$2.39 shown on that page, and what Britain paid for 485 odd million bushels worked out to some \$330 million. Those are the figures of this board. Call it a loss if you like. On the domestic market it was tied to the United Kingdom agreement; and on some 204 odd million bushels there was a loss, in my opinion, of \$153 million, according to the board's own figures on page 9. There appears to be a difference of some \$423 million. I would like to have a few words from the Minister of Agriculture, but I agree that we cannot summons him here. That is quite true.

The WITNESS: Mr. Chairman, I just want to thank the committee very much for the attention they have given us in regard to our accounts.

I would like to take this opportunity of paying tribute to my two associates on the board, Mr. McNamara and Dr. Grindley. I am sorry they are not here today, but Mr. McNamara is on his way to London to attend the meeting of the International Wheat Council and, unfortunately, Dr. Grindley had a severe operation some days ago and is laid up in hospital.

I would like also to pay tribute to our other associates on the board. It is a very big business and I am sorry that the other two members could not be here yesterday and today to attend the committee's sittings. Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. McIvor.

Now, I presume the committee will report to the House that consideration has been given to this report of the Wheat Board for the year 1948-1949. Is that agreed?

Agreed.

The committee will stand adjourned, I presume, to the call of the chair.

The committee adjourned.

APPENDIX "A"

Answer to question by Mr. Bryce:—

Grain Exchange dues appearing in Exhibit XVI (Report C.W.B.) amounting to \$1,900, consists of the following payments paid to the Winnipeg Grain Exchange:—

1. Annual dues on 4 memberships owned by the Canadian Wheat Board @ \$250 each.....	\$ 1,000 00
2. Annual dues on 3 memberships owned by employees of the Board and used in conducting Board business @ \$250 each.....	750 00
3. Transfer fee of 1 membership.....	50 00
	<hr/>
	1,800 00
4. Annual dues on 1 membership owned by the Canadian Wheat Board in the Vancouver Grain Exchange.....	100 00
	<hr/>
Total	<u>\$ 1,900 00</u>

APPENDIX "B"

Answer to question by Mr. Wright:

Oats	Marketings	Carry-over* (commercial) at beginning of crop year	Total Supply	Exports ¹	Carry-over (commercial) at end of crop year	Apparent Domestic Disappearance
1942-43.....	120,841,072	4,434,188	125,275,260	63,323,012	30,936,515	22,015,733
1943-44.....	144,046,208	30,936,515	174,982,723	74,737,335	39,056,383	61,189,005
1944-45.....	135,964,571	39,056,383	175,020,954	85,797,940	37,430,162	51,792,852
1945-46.....	107,359,887	37,430,162	144,790,049	43,860,722	26,404,528	74,524,799
1946-47.....	99,765,491	26,404,528	126,170,019	29,758,771	17,106,659	79,304,589
1947-48.....	72,530,760	17,106,659	89,637,419	10,202,037	10,298,059	69,137,323
1948-49.....	85,715,789	10,298,059	96,013,848	23,219,634	12,143,604	60,650,610
Barley						
1942-43.....	85,858,654	5,709,462	91,568,116	² 34,689,651	27,964,502	28,916,963
1943-44.....	85,234,231	27,964,502	113,198,733	37,028,128	22,570,269	53,600,336
1944-45.....	76,627,540	22,570,269	99,197,809	39,879,980	11,100,181	48,217,644
1945-46.....	67,255,294	11,100,181	78,355,475	4,982,286	16,053,099	57,320,090
1946-47.....	67,518,803	16,053,099	83,571,902	7,539,335	12,272,387	63,760,180
1947-48.....	64,926,907	12,272,387	77,199,294	3,564,936	14,076,460	59,557,898
1948-49.....	70,185,715	14,076,460	84,262,175	24,020,196	11,187,143	49,054,836

¹Including Rolled Oats and Oat Meal.

²Includes Malt Exports in terms of barley.

*Commercial—carry over stocks minus stocks on farms.

GOVT PUBNS

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